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# NEWS SUMMARY

## GENERAL

### Spain makes it up with Russia

Spain yesterday established full diplomatic relations with the Soviet Union. Madrid is also to exchange ambassadors with Hungary and Czechoslovakia, having already reached similar agreements with Romania, Poland, Yugoslavia and Bulgaria. Spain's policy of developing normal relations with the Eastern bloc reflects the desire of King Juan Carlos and his Government to develop a comprehensive foreign policy, writes Robert Matthews from Madrid. The resumption of Spanish Soviet ties ends an era of bitter hostility between the two countries which began with the 1939 defeat of the Republicans in the Spanish Civil War. Page 4

### Four guilty of terror killings

Four Irishmen, who figured in the Balcombe Street siege trial, were found guilty of a variety of terrorist charges at the Old Bailey last night, including the murders of Mr. Ross McWhirter, Professor Gordon Hamilton-Fairley and Captain Roger Goad, a bomb disposal expert. Sentences are to be passed to-day.

### Shot fired at MP in Ulster

A gunman fired shot through the front door of the West Belfast home of Mr. John McQuade last night in an attempt to murder the former Stormont Unionist MP. The shot missed Mr. McQuade who was watching television. Earlier this week Mr. McQuade, a former Chindit, said of his connection with a private army of ex-servicemen prepared to fight the Provisional IRA.

### Liverpool, London terror arrests

Several men, three of whom were said to be Londonderry teachers, were being held by Liverpool police last night under the Prevention of Terrorism Act. Another two men, held after the discovery of a bomb store last week in Liverpool, continued to be questioned. At Hackney, East London, following information from Liverpool, a man and a woman were detained under the Terrorism Act. Ulster peace movement split threatened. Page 2

### Smith in talks with Vorster

Mr. Ian Smith, Rhodesian Prime Minister, flew to Cape Town yesterday for three hours of talks with Mr. John Vorster, the South African Prime Minister. It was the first meeting since the collapse of Anglo-American initiative for a settlement in Rhodesia. Back Page; Violence returns to Rhodesia, Page 6

### More solicitors become judges

Four solicitors have been appointed Circuit Court judges, the Lord Chancellor announced. They have been assigned to the South-Eastern Circuit and two to the Midland and Oxford Circuit.

### Concorde move

British and French ambassadors have been instructed to approach the U.S. Government to make known their concern at further delay in a decision on the bid to secure landing rights for Concorde in New York. Mr. James Callaghan told the Commons.

### Queen leaves

The Queen and Prince Philip left London's Heathrow airport last night in a British Airways Boeing 707 for the Silver Jubilee tour to Western Samoa, Tonga, Fiji, New Zealand, Australia and Papua New Guinea.

### Briefly . . .

Danish film producer Jens Jørgen Thorsen, who plans a film about the sex life of Jesus Christ, was refused entry into Britain yesterday.

Two Soviet cosmonauts have transferred from Soyuz-24 to the orbiting space laboratory Salyut-5.

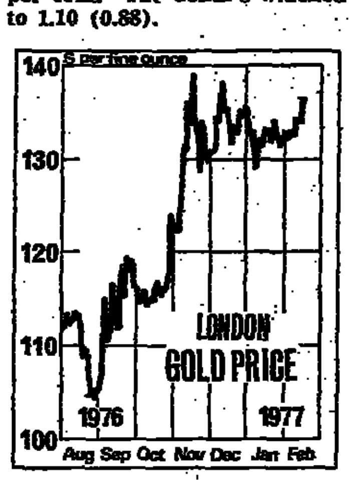
## BUSINESS

### Gilts at three year peak

● GILTS were encouraged by January's further fall in the money supply and the announcement of a cutback in the Government's borrowing requirements. Gains in shorts ranged to ½ and in longs to ⅞. The Government Securities index rose 0.17 to 66.04, its highest since July, 1973.

● EQUITIES moved irregularly, with the FT 30-share index closing 4.3 lower at 387.9. The All-share fell 0.9 per cent. to 165.81.

● STERLING gained 15 points to $1.7175; its weighted depreciation was unchanged at 42.8 per cent. The dollar's widened to 1.10 (0.88).




● GOLD gained $2½ to $136⅝.

● WALL STREET was down 10.39 at 931.85 near the close.

### EEC accepts Japanese offer

● THREAT of a shipbuilding trade war between the EEC and Japan receded when the Community accepted that Japanese proposals were a positive step. The Japanese offer was to impose higher export prices and turn down orders in certain cases. Page 4. Kawasaki Heavy Industries launched Seaspeed Arabia, the largest roll-on roll-off vessel in the world. Page 7

● POLICE inquiries into Pergamon Press should be completed in a few weeks, the Solicitor General revealed. In a second Commons written reply he stated that 28 companies had been referred to the Director of Public Prosecutions following DoT investigations. Back Page

● EFFORTS to salvage the Leyland Cars fringe benefits deal will be made to-day. The 90,000 manual workers voted to reject the package agreed by their union leaders. Leyland's productivity problems, Page 16

● PUBLIC SECTOR Borrowing Requirement is likely to be well below the £11.2bn. Treasury forecast, suggest central Government revenue and expenditure figures published yesterday. Back Page

● INLAND REVENUE is likely to recommend a significant relaxation in the proposed rules for special tax treatment of U.K. employees working abroad in a paper to be submitted to the Chancellor. Page 13

● FIAT'S West European sales last year were 7 per cent. up on 1975. Sales in Britain increased by more than 4 per cent. British Leyland exports to Holland rose 30 per cent. in value terms last year. Page 7.

## COMPANIES

● TRUST HOUSES FORTE pretax profit for the year to October 31 rose to a record £23.7m. (£13.3m.). Turnover was 22 per cent. up at £451.7m. The directors report that the current year's trading results have got off to a good start. Page 26 and Lex

● CATTLE'S HOLDINGS is urging its shareholders to reject the 32p cash per share take-over bid from rival check trading and financial group Provident Financial. Page 28

● ITALIAN State hydrocarbon concern ENI reported its losses had dropped from L119bn. (£79.3m.) in 1975 to only L5bn. (£3.3m.) last year. Page 30

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Treasury 3pc 1979 | £91⅛ | + ⅞ |
| Treasury 8½pc '80-82 | £93¾ | + ⅞ |
| Bowthwaite | 345 | + 20 |
| ...c Holdings | 88 | + 5 |
| ...a Rue | 285 | + 6 |
| ...n (D.) | 38 | + 4 |
| ...n Engineering | 146 | + 5 |
| ...demit | 63 | + 3 |
| ...Invs. | 334 | + 6 |
| ...entrol | 135 | + 6 |
| ...Plantations | 80 | + 4½ |
| ...rie Corp. | 170 | + 4 |
| ...bourne | 101 | + 5 |
| ...ood Russel | 180 | + 5 |
| ...fontein | £20¼ | + 1 |

| FALLS | | |
|---|---|---|
| Albright and Wilson | 89 | − 4 |
| Assoc. Biscuit | 68 | − 4 |
| Assoc. Dairies | 234 | − 6 |
| Decca A | 243 | − 6 |
| Glaxo | 433 | − 10 |
| Gt. Portland Estates | 210 | − 6 |
| Hill and Smith | 37 | − 5 |
| Lloyds Bank | 196 | − 4 |
| MEPC | 73 | − 3 |
| Racal Electronic | 366½ | − 5 |
| Renold | 120 | − 5 |
| Royal Insurance | 299 | − 6 |
| Taylor Woodrow | 264 | − 9 |
| Unilever | 420 | − 6 |
| Shell Transport | 506 | − 6 |
| Hammersley | 325 | − 10 |
| Rustenburg Plat. | 77 | − 4 |

# Angry TUC meeting on next stage of pay policy adjourns

BY ROY ROGERS, LABOUR CORRESPONDENT

**TUC leaders at an acrimonious meeting of their economic committee yesterday were unable to agree on a strategy for negotiating a further phase of voluntary wage restraint to succeed the present policy due to expire at the end of July. The meeting, which heard Mr. Len Murray, TUC general secretary, say that one option was a return to free collective bargaining in August, was adjourned until next week.**

Much of the argument centred on whether the TUC should yield to increasing Government pressure to conclude a new wage agreement in time for the spring Budget, or whether they should see what the Budget holds before committing themselves to another wage deal.

After yesterday's meeting was adjourned, Mr. Murray and his senior colleagues were able to report their dilemma direct to Mr. Denis Healey, the Chancellor of the Exchequer, and other Ministers at a previously-arranged lunch meeting in Downing Street. This was the second in a series of discussions on pay policy.

The economic committee was ostensibly discussing a draft of the TUC Economic Review which, as reported in the Financial Times yesterday, includes a list of possible pay policies and calls for a £2bn. reflation in the forthcoming Budget.

Several members of the committee, including Mr. Joe Gormley of the Mineworkers and Mr. Hugh Scanlon, of the Engineers, argued against including pay policy in the review. Others complained that the sections covering pay and prices were too vague and these are to be re-written for next week's resumed meeting.

That meeting will also have to decide whether or not to hold a special conference of union general secretaries and presidents before the Budget. This TUC suggestion is certain to be opposed by some union leaders who feel that any proposed new pay policy should be considered by a special TUC Congress, but not until individual union conferences have discussed it.

Several unions feel they will have great difficulty in selling a pay policy *fait accompli* to their own conferences in the light of growing shop-floor disillusionment with the social contract.

Leyland and Ford workers, miners and busmen have already made ominous warnings on pay and yesterday further evidence of a potential rank and file revolt against wage restraint came from the National Union of Public Employees.

Of 44 resolutions on the agenda for NUPE's annual conference in May, all but a handful are highly critical of the Government's response to voluntary wage restraint.

Mr. Murray's statement that the TUC could abandon pay policy entirely was just one of three options he saw as being open to the TUC. The others included a further fairly rigid phase or—the form which is seen as the most likely to be adopted—a flexible scheme involving a percentage norm plus something to help restore differentials and reward genuine productivity.

Those pressing for preferential treatment for skilled workers have now been joined by Mr. Frank Chapple, of the Electrical and Plumbing Trades Union, warns in his union journal that he will not support a new wage agreement unless it includes "proper reward for skill and responsibility.

Rupert Cornwell writes: A junior Government Minister closely involved with the pay deal negotiations last night dampened hopes of any windfalls for the better paid. Speaking in Middlesbrough, Mr. John Grant, Under-Secretary for Employment, said that after two years of pay restraint Britain's long-term economic prospects gave ground for optimism.

But he emphasised that these gains should not be thrown away by "precipitate and undue self-indulgence"—least of all by those at the top of the heap."

Economic Viewpoint Page 25

# CBI seeks £1½ bn. cut in direct taxation

BY ADRIAN HAMILTON

THE Confederation of British Industry is likely to follow the TUC's call for a £2bn. reflation of the economy with its own Budget recommendations for a £1.5bn. reduction in direct taxation.

The CBI Budget representations are due to be considered by its council next Wednesday an dto be presented to the Chancellor in the following week.

Unlike the TUC, the CBI is still anxious that the Government should avoid too much reflation and should keep within the monetary guidelines laid down in the letter to the IMF. For this reason it feels that part, at least, of the tax cut will have to be funded by further reductions in public expenditure and/or an increase in indirect tax.

But industry support—alongside of the TUC's—for some degree of reflation of the economy through tax cuts comes at a time when reflation is emerging as a major issue in negotiations over phase three wage restraint.

The Treasury, like the CBI and the TUC, is now believed to consider that next year's Public Sector Borrowing Requirement is likely to be substantially under the £8.7bn. target and is clearly ready to use this to support tax reductions.

Its main problem is whether the IMF will accept the degree of tax cuts which the TUC wants without insisting that the Government fund it partly through value-added tax, which would be less acceptable to the unions.

More crucially, it has to consider whether it can afford both reflation and a loosely structured phase three on the basis that some form of agreed restraints, however loose, is a political as well as an economic necessity.

Talks on the issue have hardly begun. The CBI and the Government are agreed on the need for a tight wage norm excluding *consolidation of phases one and two* and offering only limited scope for productivity and *differentials to be taken into* account. Union pressure is for a much more relaxed phase of pay restraint.

The Government's main hope appears to be that it will be able to get the unions to accept a relatively low norm of perhaps 6 per cent., even if this means agreeing to flexibility clauses that will drive wage bills far higher.

One of the ideas being considered is for additional differential increases to be allowed for skilled workers in manufacturing industries and not for those in service or government employment — although this would be extremely difficult to administer.

Despite fears in industry, the Bullock report does not seem *likely to play a major role in* the pay negotiations

# Agreement on power industry merger near

BY MAX WILKINSON, INDUSTRIAL STAFF

THE GOVERNMENT believes agreement is near on the mergers needed to secure the future of the power engineering industry. An announcement is expected in the next few weeks.

However, the unions have still to be persuaded to accept 25 per cent. redundancies in the industry as well as the proposition that the National Enterprise Board should have only a minority interest in the merged companies.

Two new companies are envisaged: the first would be formed from the turbine-generator interests of GEC and C. A. Parsons. The shareholders would probably be 60 per cent. GEC, 20 per cent. Parsons, and 20 per cent. NEB. There is also pressure in Whitehall for the Central Electricity Generating Board to take a minority stake in the new company.

A similar company would be formed out of the boiler-making and pipework divisions of Clarke Chapman and Babcock and Wilcox, with Babcock the dominant partner, and the NEB holding the rin gas umpire between the conflicting interests.

The outline plan is for turbine making to be concentrated in Parson's factory at Heaton, Newcastle, which has rather more modern equipment that GEC.

Manufatcure of generators would be concentrated on GEC's works at Stafford and Trafford Park, Manchester, while the GEC's factories at Rugby would make turbine blades and diversify into the expanding business of gas turbine manufacture. Special guarantees would be given to keep GEC's factory in Larne, Northern Ireland supplied with work, and to prevent undue redundancies in the Midlands.

## Superior

This arrangement, it is hoped, would make the most use of the relative technological strengths of Parsons and GEC., and provide reasonable assurances for the Parsons' workforce.

Parsons' main worry has been that GEC, with its overwhelming financial superiority, would dismantle Parsons' distinctive technology and insist on substantial redundancies in the North East. The company also fears that if GEC dominated the turbine-generator fields, it would be in a position to injure Reyrolle-Parsons' thriving transformer and switchgear busintss.

To prevent such dominance, the unions represented by the Confederation of Shipbuilding and Engineering Unions, are demanding that the NEB should control both new companies with a 51 per cent. stake.

However, the unions are beginning to accept that they will be overruled on this demand, for two reasons. The first is that Sir Arnold Weinstock, the head of GEC, is absolutely opposed to surrendering control to the NEB and insists that a condition for the merger must be control by the stronger partner.

Secondly, Mr. Eric Varley, the Industry Secretary, has been advised that GEC's financial superiority is matched by an effective management strength which must be harnessed, particularly as the NEB does not have the experience to manage such a complicated industry.

The Government is therefore trying to persuade the national representatives of the unions that substantial redundancies are inevitable irrespective of the part played by the NEB. Mr. Varley has had some success in persuading them that the over-capacity cannot be entirely filled in the short term, however the industry is organised.

For its part, the Government is prepared to press the CEGB into ordering a new 1500m. power station at Drax B near Selby to provide immediate work for the men at present employed by Parsons where 900 men are threatened with redundancy, and for Babcock and Wilcox's Renfrew works.

## Pressure

GEC, which only faces redundancies of about 6 per cent. in the next year, is insisting, on behalf of its own workforce, that the net effect of a merger should not be to transfer work from its own factories to the North East, and it has faced strong pressure from local trade union branches, which are opposed to any sacrifice of jobs in the Midlands to help workers in the North East.

The possibility of local disruption is one of the worst dangers facing Mr. Varley. Without doubt any strike in the critical months ahead would kill the chance of obtaining the foreign orders on which the industry's survival depends.

One of the initial suggestions, for a single merged company for boilermaking and turbine generators combined, has now been rejected by Ministers. One of the fears was that GEC would come to dominate the company, and therefore obtain a complete monopoly over the power engineering industry.

Babcock and Wilcox, the stronger of the two boilermaking companies is so diversified that with only 15 to 20 per cent. of its business in the industry, it could afford to pull out altogether. The consequence, which would be the closure of its Renfrew factory with the loss of 5,600 jobs in an already depressed area, would be politically unacceptable.

Only an order for Drax B

Continued on Back Page
Editorial comment Page 16

# Amoco left out of latest oil exploration awards

BY RAY DAFTER, ENERGY CORRESPONDENT

ONE OF the major North Sea oil operators — Amoco — has been left out of the latest round of exploration allocations because of a disagreement with Government over State participation terms.

Unless Amoco can buy its way into one of the 44 new licences — and that will need Government sanction—it will now have to wait until the next round is allocated.

The exclusion of Amoco from the 65 companies involved in fifth-round licences confirms the stance taken by Mr. Anthony Wedgwood Benn, Energy Secretary, that companies had to agree outline terms of State participation in existing licences if they wished to be considered for new allocations.

Amoco, which is operator for the group exploiting the Montrose Field, had been a member of three different groups that applied for new licences. It is possible that these applications included two inshore blocks in the English Channel which are thought to contain small onshore fields. They are among 27 blocks and part blocks which remain unallocated after the fifth round offers.

Mr. Norman Rubasch, managing director, said last night that Amoco was disappointed. "But we will be back—there will be future rounds," he said. The group had reached an agreement with the Government over State participation in the Montrose Field; the disagreement concerned refinery policies.

The other major groups—Shell, Esso, BP, Chevron, Texaco, Occidental and Continental Oil—have each gained new concessions. Most of them have at least

**Gulf, the U.S. group, is planning to spend almost £400m. on exploration and development in currently-held North Sea oil licences. Page 14**

one block to drill in the Moray Firth quadrants, 13 and 14. These are thought to contain the most attractive structures on offer. They also lie close to a number of confirmed oilfields, including Piper and Claymore, and transmission pipelines.

A surprising absentee from these new Moray Firth blocks, however, is British Petroleum. Although the company emerges with interests in 13 concessions, the highest number obtained by any company other than the British National Oil Corporation, all their concessions lie either near the Anglo-Norwegian median line, in the western entrance of the English Channel, or south-west of the Hebrides.

It is the first time that these latter two areas have been offered to oil companies.

The area west of the Hebrides is being contested by the Irish Government, although BP said last night that it understood the British Government had jurisdiction over the area. The group was "reasonably satisfied" although it had not been given all the prime blocks it had sought.

Lord Kearton, chairman and chief executive, said that BNOC had also been unsuccessful with a number of applications.

BNOC is to have a 51 per cent. stake in all the newly allocated blocks, except for those operated by British Gas. In addition, the corporation will be an operator in its own right on four of the licences: with BP north-east of the Frigg Field, with the Hamilton Brothers group next to the Beryl Field, with Shell/Esso adjacent to the Auk Field and with the Kerr-McGee group in the Moray Firth.

Neither Lord Kearton nor Mr. Benn would disclose the cost of BNOC's exploration commitment but it is likely to be well above £100m.

Mr. Benn said he was confident that the fifth round would maintain...

Continued on Back Page
Details Page 12

# Racal in talks with Milgo rival

BY STEWART FLEMING NEW YORK, Feb. 9.

RACAL ELECTRONICS, the U.K. communications company, has held discussions with Applied Digital Data Systems in an effort to resolve the apparent stalemate in their battle for the control of Milgo Electronics.

Specifically, according to ADDS, Racal has discussed the possibility of taking a 23 per cent. stake in ADDS and allowing ADDS to take full control of Milgo.

In what was seen as an ambitious expansion into the U.S., Racal announced on January 20 that it was launching a counter-bid for Milgo, a company with which Racal has a highly profitable joint operation.

Milgo is in the computer data communications business. Before Racal's offer, ADDS, another computer equipment company, had sought to take control of Milgo.

After ten competitive tender offers which have seen Racal raise its terms from $26 a share to $36 a share for Milgo, neither Racal nor ADDS has control of the company.

Racal claims to have bought about 45 per cent. of Milgo and ADDS claims to control 47 per cent. Most observers believe that it is highly unlikely now that either side will be able to find enough shares to take them over the 50 per cent. mark.

At least three possibilities appear to face Racal. One, which has been discussed with ADDS is to accept the ADDS offer and exchange its Milgo shares for approximately 23 per cent. in a combined ADDS-Milgo company.

Racal might be prepared to do this if it could get satisfactory terms, including perhaps representation on the combined ADDS-Milgo Board.

Another alternative for Racal might be to mount an offer for ADDS, perhaps after accepting the ADDS offer for its Milgo shares. Such a move would appear to have many drawbacks not least of which would be the question of how Racal's shares might react in London.

One course might be to allow the stalemate to persist leaving ownership of Milgo split. However such a situation would probably lead to lengthy and unproductive litigation.

Racal could also simply try and persuade ADDS to sell out its Milgo stock, but the chances of achieving this at a reasonable price do not seem high.

Observers in New York are also wondering whether Racal will approach National Cash Register, which has 7 per cent. of ADDS stock, to see whether it can help resolve the deadlock.



For latest Share Index 'phone 01-246 8026

LOMBARD

# Ground rule for monetary control

BY ANTHONY HARRIS

AS THE Chancellor has told the Parliamentary Labour Party, the authorities are now undertaking a fairly fundamental review of the present methods of controlling interest rates—and, indeed, of a great deal else. After two turbulent years which have realised the worst nightmares of traditionalists who were suspicious of the whole reform launched by "Competition and Credit Control" in 1971, there seem no longer to be any questions which cannot be asked, or any dead bodies over which this or that change cannot be introduced. Threadneedle Street is full of open minds.

Nothing could be more welcome than this development; but the kind of questions which come up are so fascinating to technicians that there could be a real danger of getting preoccupied with detail before anyone has defined the basic objectives. What is more, if a technical debate starts under the kind of pressures we have been experiencing recently, there is a very real danger of getting the objectives wrong.

## Under control

A half-informed guess about what is worrying officials at the moment suggests that this is just what is happening. The most pressing worry is to get interest rates under control; the somewhat more strategic aim is to preserve orderly markets; and there is an underlying worry about the future role of the discount market. If this is right, we are in trouble: the first two difficulties are symptomatic, and the third irrelevant.

The worry about failure to control interest rates shows this up beautifully clearly, because the purpose of the system is not to control interest rates at all, but to control the growth of domestic credit and the money supply. It is true that under the present system the Bank does not control the money supply directly, but operates through interest rates. Lord O'Brien stressed this six years ago. The test, though, is not what happens to interest rates, but what happens to the money supply. Disorderly markets are again only a symptom.

Surely the first question is what it is that we are trying to control: and this immediately brings up the first reform that is needed. DCE, monitored quarterly, looks quite a good control variable — until you remember that the DCE "target" is simply a maximum. As long as you are below the ceiling, no control is imposed.

M3, the central measure of the money supply, is on the other hand a simply awful indicator. Without going into all the details, it is well known to be misleading for at least two major reasons: it gives alarm signals as a result of flows of money between the banks and other deposit-taking institutions, such as building societies and local authorities, which do not reflect a rise or fall in the liquidity available to the public; but it fails to measure the large and varying reserve of spending power represented by overdraft facilities. This helps to explain the perverse fact that M3 initially shoots up whenever the authorities try to check its growth. The banks bid in funds in order to buy reserve assets, and companies hurry to draw out their facilities before somebody stops them.

It was an attempt to tackle these problems which led to the invention of the corset—which shows exactly what I mean by treating symptoms. It prevents some of the perversities I have just described, and is technically neat. But since it also forbids competition between the banks, by laying down a percentage growth rate for all of them, the corset destroys one purpose of the original reform.

What is worse, by dictating the future level of M3, it robs the money supply of any real meaning as a reflection of spending power. If you get it under control in this way, there is little point in controlling it, for exactly the same reasons that the Bank originally abandoned direct lending control. If you try to stop a flow by damming the stream rather than turning off the tap, it will find other channels.

## U.S. fashion

It seems to me, then, that the starting point for any sensible reform of the system must be to find a better indicator, or a whole set of them. American fashion. A wide measure might include building society deposits and local authority short deposits. There should also either be a measure of overdraft commitments—the Bank is already working on this information—or a reform of the overdraft system, so that loans facilities could only be guaranteed if they were drawn on the spot and redeposited.

Of course, even the most perfectly defined money supply would tend to move a bit jerkily at times, so we would need sensibly flexible targets too, instead of the present commitment to a fixed growth of a misleading measure. What I have suggested here isn't a control system; but it is still the place to start. Until you have the best available measure, there is no point in controlling it.

RACING BY DOMINIC WIGAN

# Mannyboy looks a winner

FEW HIGH-CLASS performers from the flat have made such an impact in their first national hunt season as John Cherry, and the Huntingdon executives must be more than pleased to have the Newmarket gelding in the line-up for to-day's Sidney Banks Memorial hurdle.

Although he has some way to go before being rated alongside the Colonial Cup winner, Grand Canyon, who lifted this prize a year ago, John Cherry has done everything asked of him in emphatic style.

The 10 lengths winner of Haydock's Garswood Pattern hurdle, on his debut early in December Mr. Milton Ritzemberg's Stage Door Johnny gelding dealt impressively with stronger opposition when beating a more experienced rival in the Bo-Weevil at Kempton on Boxing Day. There, those talented novices Mount Irvine and Princely Rific, both of whom John Cherry was conceding 10 lbs filled third and fourth places.

Although there are grounds for thinking that John Cherry could develop into a champion hurdle runner, I would not care to take cramped odds about him here for he has that rapidly improving five-year-old Modesty Forbids in opposition. This challenger from Josh Gifford's in-form Findon stable got off the mark with a fine win in Ladbroke's Leisure Hurdle at Kempton six weeks ago, and he has since completed a hat-trick with two very easy victories — the first at Leicester and the second on the Sunbury track.

In receipt of 2 lbs from his Newmarket opponent, Modesty Forbids, a proven mudlark, could well be worth an interest.

Whatever his fate with Modesty Forbids Gifford should have at least one winner, for Mannyboy seems all set to follow up Saturday's Sandown success in the Whittlesey Chase. A smart performer on his day *Mannyboy* was running on particularly strongly at the end of that Sandown race, the Fairmile Chase, and I shall be surprised if he cannot follow up.

At to-day's other meeting at Haydock, where further heavy rain could threaten proceedings *Everything* looks to be the afternoon's best bet in the Birkdale Novices Chase.

HUNTINGDON
1.30—Blakerin
2.00—Mannyboy**
2.30—Modesty Forbids*
3.00—Broncho II
3.30—Mr. Flyer
4.00—Trail Blazer

HAYDOCK
1.45—Sun Lion
2.45—Peterhof
3.15—Everything***

SALEROOM BY ANTONY THORNCROFT

# £45,000 for watch of 1650

THERE IS exceptional international demand at the moment for clocks and watches, and Christie's held a very successful auction yesterday which totalled £184,515, with virtually everything selling.

The top price summed it up: a small gold and garnet watch, 1¼ inches long, made in Lyons around 1650 by Daniel Gom, sold for £45,000, as against the £15,000-£20,000 forecast.

This is the second highest auction price for a watch (a Breguet sold at Zurich in November for £49,000 plus), although once the £4,500 buyers' premium has been added there is very little in it. The buyer was Mannheimer, a Zurich dealer.

The watch is unusual in that it is set in a garnet case, and is one of the few remaining with pre-balance spring mechanisms. It is in working order. Its rarity was identified by Christie's: its British owner had reckoned its value at around £1,000.

Among other good prices were £6,000 from the Winchester dealer Marsh for an English gilt metal quarter striking carriage carriage clock by McMaster and Son of Dublin; £5,500 from the Tetbury dealer Meyrick Neilson for a large French gilt metal chronometer carriage clock by Berthoud; and £4,500 from a private buyer for a Louis XIV tortoiseshell and brass mounted pendule de voyage by Gaudron of Paris.

The Robson Lowe stamp auction brought £86,164, with some very high prices, especially for Tibetan stamps, which are enjoying a boom. A 1912 registered envelope to Peking sold for £1,600, as against a £50 estimate.

More on target were the £4,250 paid for a block of four of the first Dutch issue of 1852, and £3,800 paid for both a set of four and a set of three of the same issue.

At Glendinings' coin sale the best prices were the £1,650 from Watson for an 1887 Victorian proof two pounds, and £1,400 for a 1576 coin minted in Turin, and the same for a Japanese one yen of 1876.

Sotheby's sold modest Impressionist and Modern paintings and drawings for £40,050, with prices up to target. An oil by Paul Serusier sold for £1,500 and Colnaghi gave £1,100 for "L'Absinthe" by Suzanne Eisendieck. The same sum acquired "Deux Femmes enlacees" by Dorothea Tanning, while another Eisendieck fetched £1,050.

The Phillips oriental ceramics auction realised £20,600 with an Indian silver and enamel chess set going to Walker for £11,000.

Harmers sold the collection of Belgian stamps gathered by B. Leslie Barker for £135,310, around £60,000 more than forecast. The top price was the £4,200, as against a £300-£500 estimate, for a 20 cents surcharge on a stamp of the 1862-64 issue.

# Motorcyclists' needs 'being ignored'—MP

A FRONT-BENCH Tory MP has called for urgent Government action to stem the "appalling" casualty figures among teenage motor-cyclists.

Mr. Norman Fowler, Opposition spokesman on transport, yesterday told a seminar at Great Barr, Birmingham, that the motorcyclist often felt himself a second class road user whose needs were frequently ignored.

"The fact is that the last few years have seen a steep rise in the popularity of two-wheeled transport. In six [illegible], registrations have almost trebled."

Mr. Fowler said wider training opportunities for the new rider were needed urgently. No one can be satisfied with the position where a new owner could go on to the roads without any training." It is asking for trouble."

Last year, the estimated total casualty figure for riders and passengers of motorcycles, mopeds and scooters was 68,000. This included over 1,000 deaths and 18,000 serious injuries.

Almost half the fatal and serious casualties were among those aged between 16 and 17.

WORLD BANKING IN 1977

# Demand for large credits expected this year

BY JAMES McDONALD

EUROCURRENCY FINANCING in the next six months would be dominated by medium-term Eurocurrency credits in the range of $500m. to $1.5bn., Mr. Carlos Canal, executive vice-president in charge of the international banking department of Bankers Trust, told the Financial Times conference on World Banking in 1977 in London yesterday.

Mr. Canal, speaking on Developments in the International Money and Exchange Markets, said that typical of the substantial credits raised by the large international banks was the $1.5bn. loan to the U.K.

"In the next six months and probably for the period beyond we expect to see major Government borrowers continue to tap the market place for large credits. We also expect to see a return of corporate borrowers in larger numbers to the medium-term market later in the year.

"In view of the loan demand forecast for major Government and corporate borrowers, one of the great challenges of 1977 is how to handle the borrowing requirements of credit-worthy developing countries."

During the past year Eurobond new issues had reached a record volume approaching the $15bn. mark, said Mr. Canal. "While the market will continue to be interest-rate sensitive, its new-found maturity assures its vitality. This vitality stems from the emergence of a strong secondary market bolstered by the increasing participation in recent years of first-tier institutions which have added depth and expertise."

On the demand side, sinking fund and interest payments from earlier issues, along with broader investor participation, were now providing the market with self-generating cash flows and new sources of demand.

"I am convinced that the Eurobond market is well positioned to serve its widely diversified group of borrowers and investors. It can do so even in the face of a rising interest rate structure that might result in lower volume but will not lead to barren periods, as in the past."

He singled out two other areas of interest in the international money markets. The floating rate note had become a valuable tool for liability management and an important source of dollar funds for non-dollar based banks. The other area was the trend by U.S. corporations to borrow short-term dollars in the Euromarket for use at home, in preference to borrowing them in the traditional U.S. markets.

## Reckoning

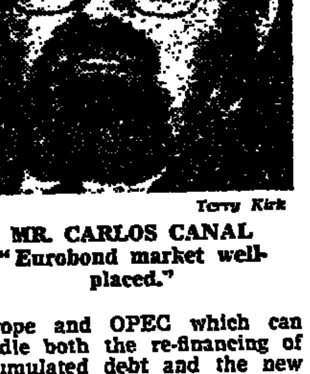
The floating exchange rate system was a blunt and merciless instrument. "Unless the market has confidence that a country is establishing a good record in the management of its economy, particularly with regard to the control of inflation, the floating system will quickly exact its penalty.

"In the case of Britain the day of reckoning was put off far too long. One has to wonder whether, had Britain acted sooner, the remedies imposed and the high cost exacted by the market-place might have been considerably less severe."

The market was unrelenting and perhaps the floating exchange rate system would bring this home to government leaders in all countries if it had not already done so.

"Certainly, the lesson in the case of Britain is clear: the sacrifices of a voluntary wage restraint programme, painful and essential as they are, will not be enough to set the economy on the right road unless they are complemented by effective fiscal and monetary discipline."

Mr. James R. Greene, executive vice-president of American Express International Banking, told the conference, which was organised in conjunction with Investors Chronicle and The Banker: "In the absence of an unprecedented expansion of world trade, we must begin now to establish the institutional framework within the U.S., Europe and OPEC which can handle both the re-financing of accumulated debt and the new credit requirements of the developing countries."



Terry Kirk

MR. CARLOS CANAL "Eurobond market well-placed."

Speaking on the theme of Lending to Developing Countries, Mr. Greene said: "Debt policy occupies a significant part of the relationships between the U.S. and Western Europe with the developing world. The sizeable involvement of commercial banks in financing balance of payment deficits of less-developed countries is now a sensitive political issue.

"The magnitude of to-day's problems dwarfs completely those we faced in the past. A debt renegotiation package of $300m. to $400m. in the mid-1960s when many of these discussions were held occupied the attention of the international financial community for weeks. To-day, current account deficits of $2bn. to $3bn. in a single year in developing countries are entirely commonplace."

## No comfort

The recent settlement with Zaire had been trumpeted triumphantly in some quarters as proof that satisfactory agreements could be reached even with countries in severe financial difficulties. "I take no comfort from the details of this settlement, and without elaborating further, commend it to you as meriting careful study of things to come."

The required remedies and prescriptions were widely understood, said Mr. Greene. He quoted Dr. Johannes Witteveen, of the International Monetary Fund, at the recent Manila meetings: "Deficit countries should arrange their domestic policies so as to restrain domestic demand and to permit the shift of resources to the external sector to the extent necessary to bring the deficits on current account in line with the substantial level of capital imports and aid."

The level of international indebtedness of many less developed countries had now reached a point where eventual renegotiation and restructuring of that debt may be required. The fundamental question was what would be the nature of these renegotiations.

"Faced with a high level of external indebtedness, 50 per cent. of which matures say in 18 to 24 months, faced with ongoing current account deficits which can be reduced only slowly and painfully even by most disciplined of governme[nts] we must assume that these negotiations may be painful [for] both creditor and debtor alik[e].

"I must express concern [to] you about the political press[ures] that may be unleashed in c[oun]tries faced with the much sl[ower] growth rates set by their ability to generate reso[urces] rather than the internat[ional] financial community's wi[llingness], for good or ill, to pr[ovide] them."

Developing countries [owed] $6bn. to private comm[ercial] banks in 1970. By the end o[f the] year the total might be a[bout] $70bn.

"It is doubtful if pr[ivate] banks can, or will, contin[ue to] sustain the present level of [sup]port for the LDCs for an[other] three to four years." Comm[ercial] banks would become increas[ingly] selective in their willingne[ss to] extend credit to these coun[tries].

The growth in medium [term] lending and the necessity to direct equity investment led to a much greater in[volve]ment by merchant banks i[n the] affairs of their clients, sai[d Mr.] J. M. F. Padovan, chief exec[utive] of County Bank, in a pap[er on] New Influences in Mer[chant] Banking.

They have therefore ha[d to] adapt and refine skills [in] assessing the qualities of [man]agement, he added.

The most fundamental ch[ange] in the involvement of mer[chant] banks with loan finance [was] their contribution to the [deve]lopment of the Euroloan [and] Eurobond markets in Lo[ndon]. In the Eurobond market merchant banks played an more significant role that commercial banks.

## Flexible

In a discussion on Italy its Prospects Dr. Mario [Sarci]nelli, deputy director-gener[al of] Banca d'Italia, said that i[n the] fields for which it is di[rectly] responsible The Bank of [Italy] would "avail itself of a flexible control of the mon[etary] base and make efforts to e[nsure] that the right conditions p[revail] on the credit markets to ac[hieve] a level and compositio[n of] aggregate demand that are [con]sistent with the slackenir[g of] constraints and the shi[ft of] resources towards investm[ent]."

As regards financial [struc]tures, the Bank would con[tinue] to pursue competitiveness [and] efficiency of financial [inter]mediaries and to develop functional money and c[apital] markets, bearing in mind [that] these structures—despite present relative imperfect[ions]— were one of the few cha[nnels] through which the impuls[es of] economic policy reached [the] system.

A warning of the po[ssible] dangers of financing nu[clear] power plants was given b[y] Michael von Clemm, exec[utive] director of Credit Suisse W[hite] Weld. "Banks as lenders t[o the] industry must consider carefully the risks inherer[nt in] the industry."

As a banker he urged the [con]ference to "lend slowly" to nuclear industry and qu[oted] President Jimmy Ca[rter's] remark that it should be a [last] resort of energy. He questi[oned] whether less developed coun[tries] were ideal for this type of [tech]nology.

Other speakers on the se[cond] day of the two-day confer[ence] included M. A. Domdeli[nger], chairman of the executive B[oard] of Banque Internationale [à] Luxembourg, with an add[ress] entitled A Regulatory View, Prof. Thomas Wilson, A[dam] Smith Professor of Poli[tical] Economy, University of Glas[gow] who spoke on monetary poli[cy].

# Wide disparities continue in company accounting practice

BY MICHAEL LAFFERTY

WIDE DISPARITIES continue to exist in some of the most vital and controversial areas of company accounting practice, according to the Institute of Chartered Accountants' 1976 "Survey of Published Accounts" published to-day.

The survey reviews the methods of financial reporting used by over 300 major British companies in the year to mid-1976.

It shows there is now a wide degree of acceptance of the pronouncements of the profession's Accounting Standards Committee. But areas on which standards had not been issued or have yet to be issued show major differences in approach. These include the treatment of depreciation and work in progress and long-term contracts.

A new accounting standard on depreciation, expected in the next few months, will require companies to depreciate buildings and all leaseholds. Yet the survey shows that 130 companies did not depreciate buildings in 1976, while over 90 companies did not depreciate leasehold property.

The accounting standard on stocks and work in progress, which applied to accounting periods beginning after January 1976, requires companies to take into account profits on uncompleted long-term contracts. But the survey shows that 35 out of the 90 companies concerned did not do this in 1975-76.

Another accounting standard expected to be issued this year will allow companies to capitalise development expenditure in certain circumstances, whereas it was first proposed that all research and development should be deducted from profits incurred.

The latest survey shows only two out of 144 companies with such expenditure capitalising development expenditure and treating it as assets.

*The Institute of Chartered Accountants in England and Wales, Survey of Published Accounts 1976; Moorgate Place, London, E.C.2; £6.95.*

# Sue Barker to play in U.S. team

SUE BARKER, Britain's No. 2 woman tennis player, is to play for the Indiana Loves in the World Team Tennis season starting in the U.S. in May.

This means she will not be able to defend her German and French titles which she won for the first time last year.

Next week she will represent Britain in the BP Cup, the international under-21 team event which she has helped Britain to win for the past two years.

Tate and Lyle is sponsoring two week-end indoor tennis tournaments for women. They will be held on March 25-27 at Ilkley and April 1-3 at Bournemouth.

# Offshore group moves office

P. & W. Offshore Services Ltd., technical support specialists to the offshore exploration and production industry, has opened offices in Aberdeen. The company, a member of the William Press Group, previously operated from London.

# Peace group threatened by dispute

By Our Belfast Correspondent

THE UNITY of the Ulster Peace movement is seriously threatened by a row over the attitude of Ciaran McKeown, one of its founders, towards the leaders of the churches in the Province.

Significant signs of discord among peace workers have emerged in Belfast and Londonderry following attacks on clergy by Mr. McKeown.

Mr. Tom Conaty, a worker in the Catholic Falls and Anderstown areas of Belfast, has been told by the movement that he is no longer associated with it.

This follows a meeting last week at which Mr. Conaty and Mr. McKeown an ultimatum signed by peace workers demanding an end to the criticism of the church leaders.

TV/Radio

## BBC 1

†Indicates programme in black and white.

9.41 a.m. For Schools, Colleges. 10.45 Other People's Children. 11.00 For Schools, Colleges. 12.25 p.m. On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.00 You and Me. 2.14 For Schools, Colleges. 3.00 Knitting Fashion. 3.25 The 60, 70, 80 Show. 3.53 Regional News (except London). 3.55 Play School. 4.20 Astronut. 4.25 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.15 Screen Test. 5.35 Magic Roundabout.

5.40 News.
5.55 Nationwide (London only).
6.20 Nationwide.
6.40 To-morrow's World.
7.10 Top of the Pops.
7.45 The Rockford Files.
8.35 Wildlife on One.
9.00 News.
9.25 The Good Old Days.
10.10 Omnibus: paintings by Titian.
11.05 To-night.
11.45 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.40 p.m. Bilidowcar. 5.55-6.20 Wales To-day. 6.40-7.10 Heddiw. 11.46 Dewch I Siarad: Let's Speak Welsh. 12.11 a.m. News and Weather for Wales.

Scotland—9.41-10.01 a.m. For Schools: Around Scotland. 5.55-6.20 p.m. Reporting Scotland. 11.45 News and Weather for Scotland. 11.48-12.13 a.m. Bonn Comhraidh: Talking Point.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 8.35-9.00 Spotlight on Northern Ireland affairs. 11.00 Wildlife on One. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

## BBC 2

11.00 a.m. Play School.
6.30 p.m. Open University.
7.00 News on 2 Headlines.
7.05 Your Move.
7.30 Newsday.
8.05 The Book Programme.
8.30 Just a Nimmo.
9.00 BC: The Archaeology of the Bible Lands.
9.30 A Touch of Romance: "Jane Eyre," starring George C. Scott and Susannah York.
11.15 Late News on 2.
11.25 Music at Night for lute by Danyel.

## LONDON

9.30 a.m. For Schools. 10.40 Simon in the Land of Chalk Drawings. 11.00 For Schools (continued). 12.00 Little Blue. 12.10 p.m. Hickory House. 12.30 Parents' Day. 1.00 News plus FT index. 1.20 To-day's Post. 1.30 Crown Court. 2.00 Good Afternoon. 2.25 Against the Crowd. 3.20 Rooms. 3.50 The Cedar Tree. 4.20 The Little House on the Prairie. 5.15 Mr. and Mrs.

5.45 News.
6.00 To-day.
6.40 Crossroads.
7.05 Get Some In!
7.35 McMillan.
9.00 The Squirrels.
9.30 This Week.
10.00 News.
10.30 Wish You Were Here . . . ?
11.00 Dan August.
12.00 What the Papers Say.
12.30 a.m. Close: Roger Snowden reads prayers for peace.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 4.20 The Romper Room. 4.45 Tarzan. 6.00 About Anglia. 6.35 Arena. 7.35 Mystery Movie: McCoy. 11.00 Special Branch. 12.00 [illegible] The Living Word.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 4.20 The ATV Thursday Picture Show: "Where There's a Will..." 6.00 ATV Today. 7.30 Cartoon (Sylvester). 7.35 The Thursday Thriller Movie: "She Cried Murder." 10.30 Baretta. 11.30 Gardening To-day. 12.00 Rowland Moss talks about Integrity.

BORDER

1.20 p.m. Border News. 5.15 Happy Days. 6.00 Border News and Lookaround. 7.30 Cartoon Time. 7.35 Mystery Movie: Quincy. 11.00 The Collaborators. 12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.20 The Count of Monte Cristo. 6.00 Thunderbirds. 6.00 Channel News and Weather. 6.10 Lassie. 6.35 Cartoontime. 7.35 Mystery Movie: Quincy. 10.28 Channel Late News. 10.30 Baretta. 11.25 News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 4.20 The Wild, Wild West. 6.00 Grampian Today. News. 6.10 Highland Today. 7.30 David Hand Cartoon. 7.35 Thursday Mystery Movie: Quincy. 10.30 Dan August. 11.20 Reflections.

GRANADA

1.20 p.m. This Is Your Right. 5.10 This Is Your Right (repeat). 5.15 Crossroads. 6.00 Granada Reports. 6.30 Get Some In! 7.30 Mystery Movie: McCloud. 10.30 Police Story. 11.25 What the Papers Say. 11.45 Aspects of Britain. 12.15 a.m. Thank You and Goodnight—Christopher Logue.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 5.15 Breaktime 3. 5.20 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 Dave Allen and Friends. 7.05 The Thursday Mystery Movie: McMillan and Wife. 10.35 The Wiles of a Woeful Widow. 11.05 Terror!: "Blood on Satan's Claw," starring Patrick Wymark.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.35 Seren Wib. 6.00-6.15 Y Dydd. 6.15-7.05 Sports Arena.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.35 Sport West.

SCOTTISH

11.25 a.m. Road and Weather Report. 2.00 Women Only. 4.20 Land of the Giants. 5.15 Pipet and his Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.30 Cartoon. 7.35 Mystery Movie: Quincy. 10.30 Late Call. 10.35 The Zoo Game. 11.35 Love American Style.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.35 University Challenge. 7.35 Sale of the Century. 8.30 Streets of San Francisco. 10.30 Shannon's Mob. 11.30 Southern News Extra. 11.40 Aloat.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 4.20 Beachcombers. 4.45 The Little House on the Prairie. 6.00 Northern Life. 7.00 Cartoon Time. 7.35 Mystery Movie—Quincy. 10.30 What Price? 11.15 Police Surgeon. 12.10 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 3.40 Ulster News Headlines. 4.20 Weekends. 4.45 Space 1999. 6.00 Ulster Television News. 6.05 Cartoon. 6.15 Police Six. 6.20 Sports Results. 7.30 Cartoon Time. 7.35 Quincy. 10.30 Murray's London. 11.00 What's It All About. 11.30 Elaine, The Singer of the Song. 12.00 Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Count of Monte Cristo. 6.00 Westward Diary. 7.00 Cartoontime. 7.35 Mystery Movie: Quincy. 10.28 Westward Report. 11.00 Westward Late News. 11.05 Baretta. 11.55 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.20 The Lost Islands. 4.45 The Flintstones. 5.15 Indoor League. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Cartoon Time. 7.35 Quincy. 10.30 Emmerdale Farm. 11.25 Lifestyle—Raymond Mays—Last of the Titans.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn including The Golden Hour. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 David Hamilton (S) (also on VHF). 4.31 Kid Jensen including 5.30 Newsbeat. 7.00 John Dunn (S) (joins Radio 2). 10.00 John Peel (S) (also on VHF). 12.00-2.02 a.m.: As Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Two by Two. 7.30 David Allan's Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Three in a Row. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

†Medium Wave only

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Bliss and Williamson (S). 10.00 BBC Welsh Symphony Orchestra (S). 11.00 Tippett's String Quartets (S). 11.30 BBC Welsh Symphony Orchestra, part 1: Beethoven (S). 12.05 p.m. In Short (talk). 12.25 Concert, part 2: Sibelius (S). 1.00 News. 1.05 Bristol Midday Concert. 2.00 Counterpoint (S). 2.45 Bach's "St. John Passion," part 1 (S). 3.40 Interval Reading. 3.50 St. John Passion, part 2. 5.25 Factory (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: The Wider World. 7.30 Scottish National Orchestra, part 1: Glock, Elgar (S). 8.05 Job and the Modern Writers (S). 8.25 Concert, part 2: Brahms (S). 9.10 The Book of Job (S). 9.55 Hermann Prey song recital, part 1: Wolf (S). 10.20 Recital, part 2: Wolf. 11.05 Purcell (S). 11.25-11.30 News.

RADIO 4

434m, 330m, 285m and VHF

6.00 a.m. News. 6.02 Farming Today. 6.25 Prayer for the Day. 6.30 To-day: Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 To-day's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 If You Think You've Got Problems. 11.50 Next Week Last. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music (S). 12.55 Weather; programme news: VHF (except London and S.E.) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (2 from 2.00) including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Jack De Manio precisely. 4.35 Story Time. 5.00 PM News Magazine. 5.40 Serendipity. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Any Answers? 8.00 The Trial of Annie Besant told by Ronald Brown. 8.45 Analysis: Quebec—The Brutal Question. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only): 9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.03 In Town with Robbie Vincent. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 77. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

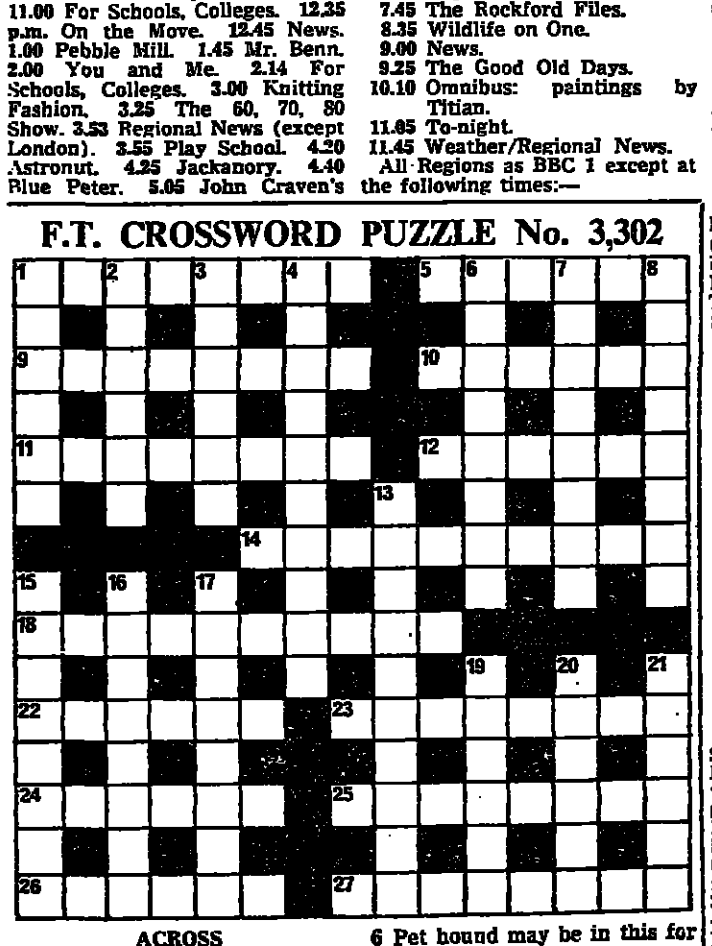
5.00 a.m. Morning Music. 6.00 A.M.: news, information, travel, sport, reviews. 10.00 Brian Hayes Show. 1.00 p.m. LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports. 8.00 After Eight. 9.00 Nightline. 1.00 a.m. Nightwatch—news every half-hour.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show. 9.00 Michael Aspel. 12.00 Cash on Delivery. 3.00 p.m. Roger Scott's Three O'Clock Thrill. 7.00 London Today. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It. 11.00 Tony Myatt's Late Show. 2.00 a.m. Night Flight.

## F.T. CROSSWORD PUZZLE No. 3,302



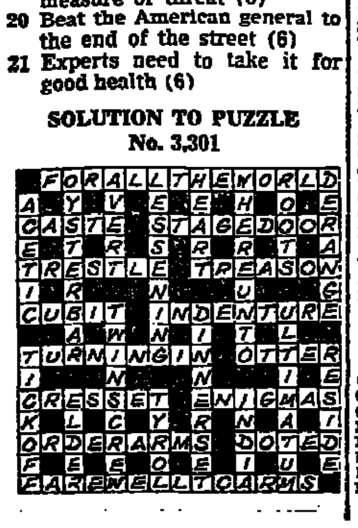
ACROSS

1 A gangster to salute in solitary (2, 6)
5 Singular vigour to subdue among the Roles (6)
9 Summarise what is forbidden for the departed (8)
10 Written in confinement (6)
11 A recital by one of the family (8)
12 Kill mother to get the estate (6)
14 Stomach overloaded? You will have to go on top (4, 6)
18 "For the glory of the Creator and the relief of ——" (Bacon) (4, 6)
22 A sword might be tooled in this place (6)
23 Russian returns about a happening in a Dutch town (8)
24 The result for one who has started for the moon (6)
25 Can a Constellation get to these islands? (8)
26 Milne's made a cake (6)
27 In principle people have a habitation (8)

DOWN

1 "Priests, ——, victims swam before my eyes" (Edmund Smith) (6)
2 A young horse, includes a degree of blue pigment (6)
3 Roman governor, sanctimonious and unpunctual (6)
4 Fairly good after Mrs. Mopp's attentions (3, 2, 5)
6 Pet hound may be in this for the money (3, 5)
7 Fruit of Chinese officialdom (8)
8 There is no risk of displeasure following agreement (2, 6)
13 It is quite the fashion to make lethal gear (3, 3, 4)
15 Terrified extractors chosen by the Mikado for advertising quack (8)
16 The United States, relatively speaking (5, 3)
17 The Principal takes a letter produced by a singer (4-4)
19 Staff of authority includes a measure of threat (6)
20 Beat the American general to the end of the street (6)
21 Experts need to take it for good health (6)

SOLUTION TO PUZZLE No. 3,301



هكذا من الاصل



**...vent Garden**

# ...n ballo in maschera

by RONALD CRICHTON

...icolai Gedda, with his sense ...tyle, definite personality and ...t touch, is such an obvious ...ce for King Gustavus in ...i's Un ballo in maschera ...it was a surprise to find that ...Tuesday he was making his ...appearance in the role at ...ent Garden. He did the first ...with infectious élan, biting ...on, and as much of the King's ...orical foppishness as Verdi ...bear. He had slightly to ...r the tension for the gallows ...e, but the duet with Amelia ...still most elegantly phrased. ...winning performance, with ...time-defying voice managed ...a skill that by no means ...udes the taking of risks — ...ot always with success.

...iliana Molnar-Talajic, the ...oslav soprano who sang ...elia, has been heard here as ...nora in Trovatore. She has ...ht, shining top notes with ...gh enough and to spare for ...long, arching phrases. About ...way down there is an ...ward patch where the tone ...fles. Some of her singing ...when the voice is gleaming ...unimaginative, so that excel... individual phrases don't ...up. Like many initially ...possessed Amelias she was ...by the music's tenderness ...the duet with Gustavus.

The Russian baritone Yuri Masurok appears again as Anckerstrom—in the old days, handbills would doubtless have said "by general demand." He is a valuable singer, a high baritone with compact tone entirely free of bass-woof, a striking if stiff figure on the stage. Voice and style matched interestingly well with Gedda. The Oscar of Norma Burrowes is new to the house: she hasn't the "ping" or the mischievousness of Reri Grist in the part, but she gives the ensembles in which Oscar is involved a beautiful, silvery top. "Saper vorreste" was prettily embellished.

Elizabeth Bainbridge repeats her effective fortune-teller. She makes the points so easily that she could afford now to concentrate on the vocal line, where there are one or two signs of passing strain. The fine cast is completed by the formidable conspirators of Gwynne Howell and Forbes Robinson. Not for the first time William Elvin's Christian caught the attention. Edward Downes conducts with his Verdian's vigilance and sense of when to let fly. At a third or fourth seeing the production and lighting of the last scene seem ripe for re-thinking.

Ben Thomas, Robert Pugh and Raymond Collins in the revival of Sean O'Casey's 'The Silver Tassie,' which opened last night at the Theatre Royal, Stratford, E15 — Leonard Burt

...photographer Marcus Adams and the young Prince of Wales—...picture from the exhibition of photographs by Marcus Adams, ...Nostalgia,' at the Kodak Photographers Gallery in High Holborn

**...zabeth Hall**

# Bartok Quartet

by DOMINIC GILL

...he Bartok Quartet is 20 years ...this year. It surely ranks, ...I have written on this page ...ore, among the five or six ...st of the world's string ...rtets. On Tuesday the Hun...ian ensemble dedicated their ...ital to the memory of the ...ist, Thomas Igloi, who died ...gically young in London last ...r. It was in no sense ...elegaic evening: the quality ...the Bartok's playing — the ...iliar burnished tone, the ...isive attack, the richness and ...agency of manner and gesture ...was itself a far apter epitaph. ...It was, as ever, the fine-cut ...ail—the subtler colouring, ...shades and emphases which ...beyond the scope of a short, ...n-technical review, and as ...en as not just beyond the ...ch of words—which made the ...rformances memorable. But ...e broader lines too played their ...rt: the broad sweep of argu...nt in the first movement of ...ydn's G minor quartet op.74 ...3; the rapt stillness of the ...go, a sense of tempo almost ...spended, but never halting; the ...gorous non troppo of the finale driven on with marvellous gaiety.

On their shorter lunchtime visit to London last week, the Hungarians gave Bartok's sixth quartet. On Tuesday they played the fourth—with the same authority, and with still greater ease and firmness. Again, a canvas filled with detail: sudden brilliant flares of energy lighting up the winding paths of the first movement; delicate flecks of bright colour among the muted rustling of the second; the urgent cello melody of the slow movement, returning again and again in subtly altered accents, against a dense cloud of birdsong; the fierceness of the finale, softened briefly at one or two key links to tenderness.

Their account of Beethoven's first Rasumovsky was a paradigm of taut argument and quick, flexible response: shaped with great precision, sustained with tremendous lyrical energy. The adagio was its highest point: a thread of the purest song, articulated without a trace of self-conscious mannerism of stiffness, superbly controlled, sublimely free.

**...estival Hall**

# Mahler's Sixth

by MAX LOPPERT

...It was instructive after this ...count of the Sixth Symphony ...the London Symphony ...chestra, to seek out Alma ...ahler's graphic description of ...r husband after the dress-...hearsal preceding the première ..."Mahler walked up and down ...the artists' room, sobbing, ...ringing his hands, unable to ...ntrol himself." It seemed a ...tle unlikely, from the present ...rformance, that Tuesday's ...nductor, James Levine, would ...e discovered in similar condi...on. Not that one would neces...rily wish him to be; and per...aps, for the listener ...ot new to the work, there can ...ever again be unleashed upon ...im the first full impact of its ...agic power.

But the effect of a solidly played, evidently thoroughly rehearsed, obviously well-mastered interpretation was obstinately, determinedly unmoving. Last nights programme note writer waxed lyrical about the tragic ironies of the music, the wild contrasts of sublimity and grotesquerie, the far-seeing, far-reaching modernity; after this earthbound performance the newcomer could be forgiven for suspecting exaggeration.

Hard to understand the cause; easier simply to describe the symptoms. For each movement, the tempo felt too fast. Although a metronome could perhaps "prove" that Mr. Levine's opening Allegro energico, ma non troppo was exactly that, the experience seemed to promote only the physical turbulence, the forward movement, of the musical surface, never the vast, terrifying power of its substance. Towards the lyricism of the music, the conductor was equally imperturbable—no eloquence of shaping, no sudden bursts of radiance in the tone, a refusal to accept the invitations to portamento so persistent as almost to amount to a belief. The music, almost the whole of it, even to the hallucinatory offstage tinklings of mountain bells, was clear, close-up, literal-minded. More and more, it seems, the conductor who directs a Mahler symphony as if to prove the point that it is "just music," ends up by diminishing its stature.

**Record Review**

# Rienzi

by ELIZABETH FORBES

Wagner. Rienzi. Wennberg, Martin, Kollo, Schreier, Adam, Hillebrand, Leib, Vogel/Leipzig Radio Chorus, Dresden State Opera Chorus, Staatskapelle Dresden/Hollreiser. EMI SLS 990. (five records) £15.25.

Wagner The Valkyrie. Curphey, Hunter, Howard, Remedios, Bailey, Grant/ENO Orchestra/Goodall. EMI SLS 5063 (five records). £10.95.

October 20, 1842, the date of the first performance of Rienzi at Dresden, was a turning point in Wagner's career. Though his adaptation of the novel by Bulwer Lytton was the 29-year-old composer's third completed opera, and though a fourth (Der fliegende Holländer) was finished and awaiting production while a fifth (Tannhäuser) was already begun, its première was only the second actual performance of a Wagner stage work ever given—Die Feen, composed in 1835-36, was not produced until after the composer's death, while Das Liebesverbot received only a single performance at Magdeburg in 1836, as the second had to be abandoned, owing to chaotic conditions in the theatre.

Rienzi, a grand tragic opera in five acts, consciously modelled on the style of Spontini and Meyerbeer, was originally intended to conquer Paris. Though it failed in, or rather was not then allowed the opportunity to achieve, that aim, Rienzi, by its success at Dresden, opened innumerable doors hitherto closed to Wagner. It obtained for him a post as conductor; it ensured the production of his next two operas; it allowed him time to compose Lohengrin; it even gave him the opportunity to write the text of Siegfrieds Tod — which would evolve after a lengthy gestation period into Götterdämmerung — before revolution caught him in its tide, swept him out of Germany and on to the next phase in his stormy career.

At present we are in a unique position to judge just how staggering an achievement Rienzi represented for the young composer, and just how great an advance it constituted over his previous operas. During 1976, the Bayreuth centennial year, the BBC broadcast on Radio 3 complete performances of Die Feen and Das Liebesverbot, as well as of Rienzi, at the beginning of its Wagner cycle. Later in the year the EMI recording, made, appropriately enough, with the Dresden Staatskapelle and State Opera Chorus, plus the Leipzig Radio Chorus and an international cast of soloists, was issued.

The recording, though it includes every bar of the Fürstner score provided by my local public library, is not quite as "complete" as the BBC broadcast. Rienzi, immensely long even by grand opera standards, was cut before the first performance (most produc-

Book Reviews will appear in to-morrow's paper

tions since have shredded it to ribbons) and the autograph full score is lost. It was given by Wagner to King Ludwig as a Christmas present in 1868, and after the fall of the Wittelsbachs and the integration of Bavaria with Germany it was among the Wagner scores presented to Hitler on his 50th birthday in April, 1939. In Syberberg's film, The Confessions of Winifred Wagner, Frau Wagner gives her impression that Hitler had a safe hiding place for these treasures that was not the Bunker, so perhaps they still exist somewhere. For the broadcast Edward Downes and Ernest Warburton (respectively conductor and producer) had to orchestrate nearly 2,000 bars.

The printed score, which fits on ten well-filled record sides—one devoted entirely to the ballet music—is quite long enough for the average listener. Even so, many of the incidents and characters cramming Bulwer Lytton's novel are omitted from Wagner's text. The most important omission is Rienzi's wife Nina: in the opera Rienzi addresses the city of Rome as his bride and only love, though the affection he shows for his sister Irene is certainly more than fraternal. Wagner depicts Rienzi's growing arrogance and despotism extremely well; it is in this illustration of the corrupting influence of power that the mature composer of The Ring is glimpsed. Musically Rienzi is something of a dead end in Wagner's development, though the choruses and marches as well as the famous Prayer presage those in Tannhäuser.

On the EMI set the joint Choruses sing with a disciplined enthusiasm that gives the Roman people, who play such an important part in the story, due dramatic weight. Paolo Orsini and Steffano Colonna, the two chief patrician conspirators, are powerfully characterised by Theo Adam and Nikolaus Hillebrand, while Siegfried Vogel thunders sonorously as Raimondo, the papal legate. Siv Wennberg produces radiant tone as Irene, though she is apt to swallow her words. René Kollo does surprisingly well in the title role—surprisingly because his essentially lyrical voice is far from the heroic tenor that Rienzi's music demands; Kollo is in good form, his excellent diction lends interest to the long stretches of recitative, his phrasing is exemplary in the Prayer and the engineers contrive to make him audible in the ensembles: but the excitement that a trumpet-toned singer such as Tichatschek, the first Rienzi, could give to the part is missing.

Janis Martin sings the travesty role of Adriano Colonna; Wagner lavishes all his finest music on this character, whose love for Irene and initial belief in Rienzi are in direct conflict with his filial affection and duty to Colonna and the patricians. Janis Martin gives graphic expression to Adriano's dilemma in the aria "Gerechter Gott! So ist's entschieden." Heinrich Hollreiser conducts with forthright competence—subtlety is no doubt out of place in this work—and is splendidly backed up by the Dresden Staatskapelle, whose mellow brass section has a field day.

The Valkyrie recording is the third instalment—Rhinegold and Siegfried are already available—of the English National Opera's much-praised Ring to appear on disc. Unfortunately the recording of The Twilight of the Gods is still a problem, though not yet a hopeless one. The Valkyrie is well up to the standard of the previous issues. The merits of Reginald Goodall's conducting of The Ring have frequently been discussed on this page. For my taste his deliberate speeds only drag here in the second act, when tension is allowed to slacken over-much. Otherwise the music's pulse beats strongly. Margaret Curphey's sympathetic Sieglinde, Alberto Remedios's lyrically sung Siegmund, Clifford Grant's menacing Hunding, Ann Howard's complacent Fricka, Rita Hunter's bright-voiced Brünnhilde, Norman Bailey's powerful Wotan, are old and well-loved friends. There is a splendid team of Valkyries and the ENO Orchestra plays strongly. The live recording is very adequate—nearly every word of Andrew Porter's clear translation is audible.

# Opera on television

by MAX LOPPERT

Recent experience of opera on television has not been very happy. Hansel and Gretel, made in the BBC studios and shown over Christmas, was competent, if hardly inspired in its sense of fantasy; at least it satisfied both requirements of the exercise, that the film be both acceptable television and a worthy representation of the opera. But if the possibilities of the medium had to be judged solely by Jean-Pierre Ponnelle's Madama Butterfly, on the one hand, or the Norma transmitted live from La Scala last month, on the other, one might be forgiven for considering the entire enterprise an essentially hopeless one.

Ponnelle's Butterfly, filmed with his usual chic and visual flair, coped with transferring Puccini's opera to another medium by betraying both the opera and its very operaticness. It was subject to all the expected, gratuitous, meaningless Ponnelle alterations to any basic operatic text—a director who pictures the final third of the love duet as a roll in the grass, the lovers' voices murmuring on the sound track, is clearly unable to understand the sense, the words or the music of Puccini's opera. The effect of synchronisation, of lips and throats obviously not producing notes, was here to wrap the singers in a plastic cocoon. The result was a prettily decorative oriental melodrama with unexpected bursts of song. When Ingmar Bergmann, in his Magic Flute, has shown that the mechanics of operatic singing need not be an embarrassment to the sympathetic, sensitive

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camera eye, the artificiality of this Butterfly seemed all the more needless and infuriating.

Norma, which the BBC gave us in January, was something of a disaster, a transmission so inept in so many ways that in all probability it satisfied no-one—surely neither the Bellini-lover, maddened by its inadequacies, nor the casual viewer, bored into somnolence or onto another channel. Some of the faults cannot be blamed on the Italian Television presentation: the statuesque heaviness of the La Scala staging, the unatmospheric ugliness of the sets, the comedy of the costumes, the vagaries of the chorus.

It could not be predicted that Montserrat Caballé would compliment her habitual uncertainty of rhythm with, on this occasion, an uncertain condition of voice (the top shrill and incapable of its familiar long, soft, luminous lines); or that Giorgio Casellato - Lamberti would blast out Pollione's music like a bad verismo tenor, every note clear, separate and loud; or that the conductor, Gianandrea Gavazzeni, would find his least inspired, most wayward form. It could not be known that the BBC would wrap the parcel in Richard Baker's most awestruck tones (but need the BBC have graced his mention of Rosa Ponselle, in the interval roll-call of famous Normas, with a picture of her Carmen?).

RAI should, however, take full responsibility for the insensitivity of the camera movement, which allowed no musical or dramatic sequence to pass uninterrupted, invariably for the purpose of searching out the least relevant face at the least opportune moment. (According to the camera, the conductor was a player of dramatic importance equal to the cast, for we saw as much of his activities as we did of theirs.) The star and saving grace of the evening was Tatiana Troyanos, an Adalgisa of firm, lustrous tone that not even the television speakers could diminish, of poised, eloquent bearing, of true Bellinian distinction in the phrasing. Occasionally, we caught a glimpse of her face.

**Criterion**

# Frontiers of Farce

by B. A. YOUNG

Frontiers of Farce is not idly named. The boundaries of the genre are clearly charted, from the anal vulgarity of Feydeau's po-manufacturer to the oral excesses of Wedekind's business-bound Wagnerian tenor, from the Andy Capp exchanges of ambitious M. Follavoine and his slovenly wife to the full frontal suicide of Gerardo's insatiable fan.

Both the plays that make up this enjoyable programme (transferred from the Old Vic, where they played in the autumn) are admirably adapted from their original languages by Peter Barnes, who directs them as admirably. The Feydeau, The Purging (On purge Bébé), comes from his last, savage period; his followers will be surprised to find no seductions, no sex at all in fact apart from an unsubstantiated accusation. The play tells only of a War Office contract for unbreakable chamber-pots lost because their manufacturer's wife will not get out of her filthy bathrobe when the Government representative (John Phillips) comes for lunch and because she insists on involving him in her efforts to cure her little boy's constipation.

Squalid it may sound; but Feydeau is Feydeau and there are some uproarious scenes — none better than the wholesale destruction of the unbreakable items, which prove to be all too breakable. Leonard Rossiter, trying desperately to maintain his smooth poise against all his difficulties, is superb, and Dilys Laye, her hair in curlers, her stockings round her ankles, provokes him unmercifully.

Wedekind's The Singer (Der Kammersänger) is quite a different affair. It has a moral to begin with: that artists work for business and not for art. It begins farcically enough. Gerardo (Peter Bayliss, every inch an overripe Tristan) has first to despatch a foolish girl admirer (Joan Morrow) and an insistent composer (Mr. Rossiter, looking like Gustav Mahler) who insists on playing to him an opera that he had been trying to sing for decades. But the next visit to Gerardo's hotel room ends very differently. Helen, a mature society lady, beginning with the usual intransigence, resigns herself unexpectedly to giving up her idol; Dilys Laye plays this scene most movingly. Like any Shropshire lad, she knows that the way to get rid of people who annoy her is to get rid of herself, and this she does with a neat little ladies' pistol.

Farce that requires you to think is an uncommon luxury. All the same, for those that do feel the need for purging, let me say that the jam around the pill is of the very best quality, and there is lots of it.

**Purcell Room**

# Christopher Herrick

by NICHOLAS KENYON

The "48" is a misnomer. Though generations of keyboard students have been brought up to regard Bach's two books of preludes and fugues in all the keys as a unity, they were in fact conceived separately: the second was a sequel to the first, and followed it only after an interval of about 20 years. As Hermann Keller says in his book on the music (just published in an English translation, The Well-Tempered Clavier by J. S. Bach, Allen and Unwin, £7.50), the second is more varied in style and content than the first.

Christopher Herrick has been working his way through the two books in five well-planned recitals (he diversifies the preludes and fugues with other Bach works, and on Tuesday added the first French Suite and the C minor Toccata): he has now reached the central eight fugues of Book Two. The problems of playing all this music on any one instrument are considerable: in several of the movements (certainly the F major and G minor Preludes) Bach seems to have envisaged an instrument with more sustaining power than Clayson and Garrett's splendid Dulcken reproduction harpsichord. Mr. Herrick acknowledged this by adding an occasional extra bass note for resonance, but seemed defeated by the breadth of those sections (like the E major fugue) which are conceived on a very large scale.

He was more at ease in the intimate, almost clavichordal writing of the E major and F minor Preludes (the latter, so often played sentimentally, had a welcome freshness and direction); these provided the best focus for his clear phrasing, careful characterisation, and meticulous attention to detail. Once or twice he underplayed the music—the dotted F sharp minor Prelude is surely a more ceremonial piece than he made it sound—but he was more than equal to the challenge of those few movements which are undoubtedly virtuoso music for harpsichord. In the gigue-like Fugue in F major, and the bold G minor Fugue Mr. Herrick generated excitement, but always subordinated it to the progress of Bach's counterpoint—which, in this essentially private music, is exactly what's needed.

## Penelope Keith wins Variety Club's top award

Penelope Keith has won the Variety Club Award for the Showbusiness Personality of 1976. Her performances in the television series The Good Life and in the West End stage success Donkey's Years ensured that she was the first woman since Diana Dors in 1956 to gain the top awards.

Other main winners were Lord Olivier as Best Film Actor for his role in Marathon Man, while his wife Joan Plowright was considered Best Stage Actress for her performance in The Bed Before Yesterday.

Best Film Actress was Gemma Craven for The Slipper and the Rose and Best Stage Actor Donald Sinden for his King Lear. The BBC personality prize was shared between John Inman for Are You Being Served? and Derek Jacobi for the very different I, Claudius.

There was a special award for Richard Goolden, the 82-year-old who last Christmas was combining his traditional role as Mole in Toad of Toad Hall with a part in Tom Stoppard's Dirty Linen.

## EUROPEAN NEWS

# Japanese stand by shipbuilding offer

By David Curry

PARIS, Feb. 9.

THE OFFER to impose higher export prices on ships and turn down new orders in certain cases was "the maximum effort Japan can make at the moment," the OECD working party on shipbuilding was told to-day.

The leader of the Japanese delegation Mr. Muneto Shashiki was responding to EEC questions designed to pin down the proposals made by Japan yesterday to restore a balance in orders between Japanese and western European yards.

These proposals, accepted in principle by the EEC as a basis of discussion, included the raising of prices for this year and next; authorisation for Japanese and European shipbuilders to discuss restraint in accepting orders from countries with serious difficulties in their own yards; and, as a reserve measure in the longer term, to order a further reduction in working hours in Japanese yards.

# Spain and Soviet Union resume full relations

BY ROGER MATTHEWS

MADRID, Feb. 9.

SPAIN to-day re-established full diplomatic relations with the Soviet Union after a break of 38 years. The Foreign Ministry in Madrid announced that it was also exchanging Ambassadors with Hungary and Czechoslovakia, having recently reached similar agreements with Romania, Poland, Yugoslavia and Bulgaria.

The development of normal relations with the Eastern Bloc is a natural consequence of the death of General Franco in November, 1975, and reflects the desire of King Juan Carlos and his Government to formulate a comprehensive foreign policy.

Although the Madrid Government stressed to-day that full relations with Moscow did not prejudice its right to continue demanding the return of the Spanish gold reserves shipped to the Soviet Union during the civil war, there is little doubt that this issue is now effectively dead.

Throughout the dictatorship of General Franco the Spanish gold question was cited as the fundamental reason why there could not be relations with the Soviet Union. An estimated 510 tonnes of gold, 80 per cent. of it in coins, was shipped to the Soviet Union by the Republic Government following the uprising by the Nationalist forces under General Franco on July 18, 1936.

The Russians then refined the coins, even though they would have had a greater face value, and the total value of the shipment at the current free market price of gold is put at about $2.4bn. The Soviet Government has consistently stated that the gold was sold to provide foreign exchange for the Republican Government and to supply arms and equipment.

A detailed study of the gold sales has only recently been completed under the auspices of the Research Department of the Spanish Ministry of Finance. The author Sig. Angel Vinas Martin, a civil servant, was given unparalleled access to Government archives. He concludes that the Russians indeed sold the gold as requested and that the Republican Government received the proceeds either in foreign currency or in equipment. The Russians sent receipts of sales and a running total as the gold stocks were reduced.

However, Sig. Vinas' book was withdrawn on Ministerial orders and there is still no word whether it will ever go on sale. In 1970 an article in similar vein was banned from a Bank of Spain publication.

The Russian gold remains an emotive issue among Spain's more extreme right wingers, who can be expected to react angrily to the exchange of Ambassadors with Moscow.

Trade between the two countries has been expanding in the past few years, with Spain purchasing mainly raw materials, including oil, and exporting a range of agricultural products and some steel. The balance last year was strongly in favour of the Soviet Union and, although Spanish exports to the Soviet bloc are still a small percentage of its total external trade, there are hopes of further expansion.

It has also been confirmed in Madrid that the Spanish Communist Party is to host a summit meeting with the leaders of the French and Italian Communist parties.

David Satter adds from Moscow: The establishment of diplomatic relations was marked in Moscow by a brief ceremony at the Soviet Foreign Ministry attended by Sr. Zafael Serrer Sagreras, head of the Spanish trade mission, who now becomes Ambassador, and members of his staff. With the gradual development of trade and cultural contacts, the mission here has functioned as a de facto Spanish Embassy since 1973.

The best-known Spanish Communist exile in Moscow, Sr. Dolores Ibarruri, still remembered as "La Pasionaria," is waiting for news about her application for a visa to return home. There now are only about 1,500 Spaniards left in the Soviet Union of the estimated 20,000-plus civil ware emigre's here in the 1940s.

# French applaud as Giscard lays down the law

PARIS, Feb. 9.

PRESIDENT Giscard d'Estaing has started to fight back to regain prestige lost as the result of the quarrels between the coalition parties and M. Jacques Chirac's bid for power in next month's municipal elections.

In an uncharacteristically aggressive speech at the end of his two-day tour of Brittany last night, M. Giscard hit out in all directions, castigating both the Socialist-Communist opposition and M. Chirac, the Gaullist leader, for trying to teach him his job as President of the Republic.

The President's forceful counter-attack is seen by most French observers as a turning-point both in the liberal and casual manner in which he has governed the country for nearly three years and in his strategy for next month's municipal elections and the 1978 general election. Judging by the reactions to his speech, there is nothing that the French like as much as a President who lays down the law firmly.

Showing particular irritation with M. Georges Marchais, the Communist leader, who has said that should the Left win the general election, the President must either resign or submit to the policies of a left-wing Government, M. Giscard said no one could dictate to a President elected by universal suffrage.

M. Giscard, who has repeatedly emphasised that he intends to remain President until the end of his seven-year term in 1981, added that he would take account of the "freely-expressed will" of the French people, but that this would not prevent him from making clear his own convictions.

# Ireland to go ahead with U.K. torture case

STRASBOURG, Feb. 9.

THE IRISH government to-day rejected a British proposal for it to drop legal proceedings over the torture of Republican detainees by British forces in Northern Ireland.

Attorney - General Declan Costello told the European Court of Human Rights here that Ireland would go ahead with its attempt to win a solemn condemnation of British interrogation practices in Ulster between 1971 and 1974. He welcomed the British pledge, given to the court yesterday, never again to use the "five techniques," which included hooding a prisoner, harassing him with noise, depriving him of sleep and adequate food and forcing him to stand for long periods with arms out-stretched. But he rejected the British claim that there was now no reason to press the torture charges further.

Britain has told the court that it does not contest findings of the European Human Rights Commission that the combined use of the five techniques constituted inhuman treatment and torture. British Attorney-General Sam Silkin said that their use had been halted in 1972 and compensation paid to victims.

But Mr. Costello to-day said that if the Strasbourg court did not exercise its powers, it could lead to a lessening of respect for the European Human Rights Convention. "These proceedings are being watched with very great interest in Northern Ireland and elsewhere," Mr. Costello said.

Britain had first denied all the charges brought by Dublin before the Human Rights Commission, he argued. When the Commission found that Britain had violated the convention ban on torture and inhuman or degrading treatment, the British side announced that it would not contest the findings, and submitted that the court proceedings should then be dropped, Mr. Costello added.

Reuter

# Britain in final bid for fish agreement with EEC

BY ROBIN REEVES

BRUSSELS, Feb. 9.

UNDER STRONG pressure from its EEC partners, Britain is to make one last effort to agree a Community arrangement for the conservation of fish stocks inside its new 200-mile limits.

Despite an all-night marathon, EEC Council of Ministers' negotiations under the evidently good-humoured—and at times hilarious—chairmanship of Mr. Anthony Crosland, the U.K. Foreign Secretary, failed to produce satisfactory answers to all Britain's demands for a variety of measures which will restrict and control fishing activities in its extended waters.

In consequence, Dr. David Owen, the Minister of State at the Foreign Office, announced at the end of the meeting that he would be setting in train the machinery for imposing conservation measures unilaterally in the U.K. sector of the EEC's 200-mile zone. But he acknowledged that there was still a de facto opportunity to avoid unilateral action, given a last-minute agreement at next week's Agricultural Ministers' Council.

Much will depend on Denmark. Mr. Ivor Norgaard, the Danish Foreign Minister, insisted that his agreement to certain conservation measures was subject to the approval of the Danish Parliament's powerful EEC scrutiny committee. The Danish general election campaign makes the issue more politically charged than usual, and it is not ruled out here that the Folketing Committee will in turn make its approval subject to Britain accepting a Community-negotiated settlement on all conservation measures.

As things stand, the U.K. is seeking the best of both worlds, by insisting on the right to impose its own conservation measures unilaterally in addition to those agreed with its EEC partners. The marathon meeting which ended this morning produced Council agreement on fishing net mesh sizes, a ban on purse seiners, a ban on herring fishing in the Celtic Sea from March 1 to the end of the year, and certain other conservation restrictions.

But there was still disagreement between Britain and Denmark over the scope of restrictions on industrial fishing of Norway pout in an area to the north-east of Britain—the so-called Norway pout box—and on by-catch tolerances. These are the percentages of valuable white fish, and particularly herring, allowed in catches going essentially for fish meal.

Mr. Crosland, wearing his Council Presidency hat, wryly complained that the British had proved particularly stubborn on these two points, and Dr. Owen indicated that it was the Government's intention to impose i own regime unilaterally in the instances.

Whereas in Britain's case, Community-agreed regime still possible, it is reluctant accepted that Ireland cannot prevented from going it alo with measures to restrict t size of boats off its coasts.

The negotiations were notal prevented from going it alo for intense pressure exerted West Germany, Denmark and t Brussels Commission to persua the British to accept a Commun solution, while acquiescing unilateral action by Ireland least temporarily.

The conservation measures only the most urgent aspect the EEC's Common Fishe Policy, now in need of radi revision to take account of adoption move to 200-mile li since the New Year. In an depth discussion of the share of fishing among EEC Foreign Ministers agreed attempts to establish an inter internal regime based on quo were getting nowhere and sho be abandoned.

Instead, there is to be an hoc committee of top natio fisheries experts to try to ham out the basis for the definit internal regime. They will t into account Britain and Irelan demand for exclusive natio coastal fishing bans of up to 50 miles offshore, which is formally on the table.

# 'First breakthrough' welcomed

BY PHILIP RAWSTORNE AND DAVID BUCHAN

LUXEMBOURG, Feb. 9

FISHING conservation measures agreed in principle by the EEC Council of Ministers early to-day were welcomed by Mr. Finn Gundelach, the Commissioner for Agriculture and Fisheries, as "a first breakthrough" in establishing an internal fisheries regime. "More progress has been made than might have been expected," he told the European Parliament.

Mr. Gundelach's optimistic report to MPs was accompanied by a stern warning against any unilateral action by member states to create exclusive coastal zones. Threats of such action by Britain and Ireland still "bedevilled" the situation, he said. But in spite of the "tense atmosphere" which they created, 75 per cent. of the proposals before the Council had been agreed.

Mr. John Tomlinson, Foreign Office Under-Secretary and acting President of the Council, broadly reinforced Mr. Gundelach's optimism about Community progress on the issue. He indicated that he expected the conservation agreement to be formally sealed at the meeting of Community Agricultural Ministers early next week after Danish Ministers had reported back to their Parliament.

EUROPEAN PARLIAMENT

On external policy, both Mr. Tomlinson and Mr. Gundelach said that satisfactory progress was being made in negotiations with third countries. But the EEC Commissioner, commenting on the failure so far to reach agreement with Iceland, said that he had pointed out to the Icelandic government the importance of the Community as a market for its fish and fish products. Mr. Gundelach said that he "expected, and felt entitled to, an answer" from Iceland about its attitude towards a reciprocal agreement on this basis.

The results of the Council meeting were given a general welcome by MPs of all parties though it was spiced with some scepticism about the degree of Community solidarity that had really been achieved.

Mr. Mark Hughes, speaking behalf of the Socialist gro commended the Counc. "What is wanted the fishermen of the Commun and what is needed for them incompatible," he said. It easy to blame over-fishing third countries for the probl but discipline had to be impo on the Community's own fish industries.

Scottish Nationalist MP Winifred Ewing and Mr. Br Lenihan of Ireland called the establishment of 50-m zones. In an impassioned Mrs. Ewing said that Scotl had been given assurances such a zone when voting in EEC referendum. "Time is on the side of our indust she said.

Mrs. Elaine Kellet-Bowm member of the Tory delegat said that she was delighted the Commission had fin recognised that it had a leve use in its negotiations with land. Iceland's tariff agreem with the EEC should suspended immediately unti settlement was reached. EEC, she said, was "not mak enough of its size, strength stability as a fish market Iceland."

# Goldsmith deal to take over l'Express 'near completion'

BY MARGARET REID

NEGOTIATIONS have reached an advanced stage for Sir James Goldsmith's Paris-based master company, Generale Occidentale, to buy the French weekly news magazine, l'Express, from M. Jean-Jacques Servan-Schreiber, the millionaire publisher and politician.

Barring any last-minute problems—and the unions are understood already to have been made aware of the planned take-over—the deal is expected to be finalised in the next week to ten days.

Assuming the acquisition goes through, Sir James is believed to be planning to adopt the existing project of the l'Express company for launching a new French daily newspaper devoted mainly to financial and economic affairs.

M. Servan-Schreiber has been known for some time to be anxious to widen the ambit of his company's activities, which at present comprise only the magazine and a bookshop.

The take-over of l'Express would further underline Sir James's recently developed interest in the newspaper industry.

A sizeable stake in the non-voting capital of Beaverbrook Newspapers, publishers of the Daily Express, was lately bought, in a near£2m. deal, by Cavenham, the large British company of which Génèale Occidentale already owns 51 per cent. GO is now proposing, in a controversial £60m. bid, to take over the rest of Cavenham's shares, so switching the centre of gravity of the Goldsmith business empire more decisively to France.

Sir James, 43, who has British and French nationality, was last year among those contending for The Observer Sunday newspaper, since sold to American interests.

# Natural gas proposal in Sweden

A CONSORTIUM of Swedish companies, led by the Kockums ship-building and engineering concern, yesterday presented to the goverment a Kr.34.4bn. (£4.74bn.) natural gas project, as an alternative to the continuation of Sweden's nuclear power programme, William Dullforce reports from Stockholm. The project would entail the signing of long-term contracts with Arab gas suppliers, the building of a fleet of LNG tankers, and the construction of two terminals to feed two pipeline distribution networks in southern and central Sweden, in addition to new power plants. It meets the objections to nuclear power of the Swedish Prime Minister, Mr. Thorbjörn Fälldin.

## Dutch wage row

The Dutch Government has stuck to its earlier pledge that it will not make an early move in the national wage dispute in Holland where strike actions continued to spread yesterday, Michael Van Os writes from Amsterdam. In the previous night's emergency debate in parliament in The Hague, an opposition motion urging the government to intervene was defeated by a substantial majority. Mr. Jaap Boersma, the minister of social affairs—and a former trade union chief—said that such an intervention would be pointless as the two sides were too wide apart on the issue of automatic wage indexation.

## German investment

The West German government, while still resisting all suggestions that it stimulate the economy, now hopes that its medium-term public investment programme will produce a "burst of orders" worth DM3-4bn. this year, according to the official spokesman, Dr. Armin Gruenewald. Adrian Dicks reports from Bonn. The public investment programme itself is likely to be worth DM10-12bn. spread over the next three to four years.

# Greeks 'reluctant' to invest

BY OUR OWN CORRESPONDENT

ATHENS, Feb. 9.

HEAVY consumer spending, together with a reluctance to invest in industry, are jeopardising the progress of the Greek economy, according to Professor Xenophon Zolotas, Governor of the Bank of Greece.

In a review of the Greek economy in 1976, Professor Zolotas said that GNP rose by 5.8 per cent. and industrial production by 5.5 per cent., compared with 5.7 per cent. and 4.4 per cent. respectively in 1975. The current account deficit in 1976 was $1,063m., slightly less than in 1975.

Professor Zolotas said the Government was studying measures to curb excessive private consumer spending, in the framework of Premier Constantine Karamanlis' call for austerity and self-restraint. As an example of irrational spending, he said half a million new private cars were imported during 1976.

Gross fixed investment rose by 7.4 per cent. in 1976, said Professor Zolotas, but the largest part of this was in housing, especially luxury apartments and offices.

The Government last month imposed price controls on about 200 essential commodities in its effort to check inflation, officially put at 11.7 per cent. in 1976 and 15.7 per cent. in 1975.

Professor Zolotas said that to stamp out profiteering and protect economic stability, the number of items whose prices are controlled will go up to about 350. The list already includes essential foods, clothing and footwear, building materials, certain plastics, motor car spare parts, and certain services such as restaurant items.

A maximum retail profit of 30 per cent. of the wholesale price has been fixed for many items. In addition, the Government has tabled in Parliament an anti-trust law.

Some economic circles here see the lack of industrial investment referred to by Professor Zoloths as at least partly due to the absence of a clear-cut economic programme, and the Government's dabbling in socialist-orientated policies. The five-year economic development plan for 1976-80, announced late in 1974 has yet to be made public.

According to Government sources, GNP is expected to rise about 6 per cent. in 1977, and the authorities will seek to keep inflation under 10 per cent.

Last month, minimum daily wages and salaries were increased by 15 per cent. for 1977. However, this does not appear to have satisfied workers, and repeated strikes point to increasing labour unrest, some of it believed to be instigated by left-wing opposition political parties.

# U.K. pledges not to delay poll

BY OUR OWN CORRESPONDENT

LUXEMBOURG, Feb. 9

MR. JOHN TOMLINSON, British Foreign Office undersecretary, to-day repeatedly assured the European Parliament that the British Government intends to legislate for direct elections by June next year.

Germany and Italy have already introduced legislation, MPs were told. And Sir Geoffrey de Freitas, member of the British Labour delegation, was loudly cheered as he curtly told Mr. Tomlinson, acting president of the Council of Ministers, that the British Government would not be forgiven any delay it might cause in establishing a democratically-elected European Parliament.

While MPs from the other Community countries looked on in amusement, Mr. Tomlinson rapidly became involved in heated exchanges on the issue with members of both the Tory and Labour delegations. Mr. Frank Tomney, a Labour MP, atatcking the Government for treating the Parliament "with levity" declared "the Government has an obligation to fulfil and we demand that it does so." Amid laughter, Mr. William Hamilton offered to help the Government out of its legislative difficulties in the Commons by "cutting the throat" of the Devolution Bill. And Mr. Tam Dalyell, another leading anti-devolutionist, said he would accept a delay in direct elections only if it stopped "the break up of the U.K. through the preposterous Devolution Bill."

Mr. Tomlinson replied that the Government was fully aware of its obligations and intended to proceed with legislation to meet next year's deadline.

But he side-stepped demands from Tory MP Mr. Hugh Dykes for more information about the Government's legislative timetable and angrily rejected his accusations of "incompetent hesitation."

Mr. Tomlinson also dismiss suggestions by Sir Peter Ki leader of the Tory delegati that the Council of Minist had a duty to see that the Brit Government met the electi deadline. The Council had do its duty in agreeing the targ date, said Mr. Tomlinson. "It a matter for each Member-Sta to ratify it."

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# Carter hints at relaxation of oil, gas price controls

BY DAVID BELL WASHINGTON, Feb. 9.

MR. JIMMY CARTER, the U.S. President, hinted strongly at his news conference yesterday that his energy policy may call for the de-regulation of oil and gas prices but promised that he would try to ensure that companies did not make "unwarranted profits" if federal controls are relaxed.

The President, whose performance won warm praise from most commentators this morning, also said that the U.S. people would have to make "substantial sacrifices" in the years ahead. The U.S. had been importing more than half its oil in the past two months, and "this has got to stop," he said.

The President told one questioner that he opposes the nationalisation of the oil industry, but said nothing about the question of horizontal divestiture, a scheme under which major oil companies would have to sell their non-oil operations. A new Bill which would force them to do this was introduced into the House of Representatives yesterday by Representative Morris Udall and others.

Natural gas producers have been pressing hard for de-regulation for some time claiming that the relatively low price fixed by the Government for gas distributed through inter-State pipelines does not give them a fair return or encourage them to invest heavily in any search for fresh supplies of gas. Many independent observers believe that these supplies do exist, but that exploiting them is more expensive than in the past, partly because they are less accessible than existing fields.

Mr. Carter suggested that he may be prepared to accept the argument for some de-regulation, although there are many in Congress who claim that the oil and gas companies have manufactured the shortage in order to force the Government to soften its controls.

The President said that he would try to make sure that "oil and natural gas companies and others that produce do not derive unwarranted profits when we cut back on consumption and when we encourage production." The Administration is well aware that there are likely to be angry protests from consumers when natural gas producers reveal their first-quarter profits.

Most analysts expect that these will be very much higher than usual because of the cold weather which, in the eastern half of the nation, has led to a 50 per cent. increase in the amount of natural gas used to heat homes and other buildings.

Dr. James Schlesinger, the President's chief energy adviser, is believed to be working on a plan to tax any windfall profits that may follow the relaxation of price controls. A similar proposal was part of former President Ford's energy package, which died a lingering death in Congress.

It was not immediately clear what Mr. Carter meant yesterday when he referred to the "substantial" sacrifices that might be imposed by his new energy programme, which is due to be ready by April 20. Last week the President spoke only of "modest" sacrifices, and aides were unable to say to-day whether the change of adjectives implies that the Administration is now considering a tougher conservation package.

Dr. Schlesinger will be particularly concerned about the poor insulation of many homes and offices, and there has been speculation that he may propose a crash insulation programme that would include some federal assistance to home-owners who decide to improve the insulation of their houses. Dr. Schlesinger noted on a recent television programme that the U.S. last year wasted more energy than was consumed by two-thirds of the rest of the world.

AFTER THE KAISER ALUMINIUM DEAL

# Jamaica seeks new partners

BY RHYS DAVID

JAMAICA'S ambition to exercise much greater control over bauxite, the raw material used for the manufacture of aluminium, and its main natural resource, has just come a step closer to fulfilment with the signing at an elaborate ceremony in Discovery Bay, in the north of the island, of a new partnership agreement with Kaiser, the third biggest U.S. aluminium producer.

But the reality behind the celebrations on this occasion, and the negotiations which remain to be completed with the other big North American companies, is that the Jamaicans are probably as much in need of the aluminium producers as the latter are of Jamaica.

Bauxite, as the past two years have shown the Jamaicans and their fellow-members of the International Bauxite Association, is available too freely around the world for it to become another oil-type commodity open to price-fixing by cartels. Furthermore, the dominance of the big North American producers on the world aluminium scene and of the U.S. market, means that the range of alternative customers is, for the present, at any rate, limited.

Jamaica's big push to increase its income from the aluminium companies began in 1974 when it imposed a levy on exports of bauxite, designed to produce extra income in line with increased price of aluminium ingot, the finished product. Though the immediate effect was to boost earnings from bauxite exports sixfold from $U.S.24m. in 1973 to $150m. in 1974, the recession, various strikes and operational problems caused revenue to fall back to $126.5m. in 1975 and obliged the Jamaicans to moderate the minimum production requirements initially imposed on the companies.

Last year, when one of the U.S. companies, Revere, shut down its Jamaican plant and when Alcoa's alumina plant was out of commission for much of the time as a result of an explosion, total revenue from bauxite and alumina fell from $244m. to $229m. in spite of a recovery of world aluminium demand. Total bauxite exports slipped from 11.5m. tonnes to not much more than 10m. tonnes, a substantial drop below the 15m. tonnes output record set in 1974.

To make matters worse, other main sources of income including sugar and tourism also declined seriously during the past year, largely as a result of the world recession, leading to the imposition last month by the Prime Minister, Mr. Michael Manley, of stern economic measures to reduce imports.

## Generated

The agreement with Kaiser, giving Jamaica a 51 per cent. stake in a new company, Kaiser Jamaica Bauxite, will not substantially raise the revenue available to the island. For this to happen a continued improvement of world demand for aluminium is needed, and a consequent increase of the income generated by the levy charged on exports.

What both the company and the Government are clearly hoping is that some less tangible benefits will accrue from an increased involvement of the workforce in a Jamaican enterprise. Even before the establishment of the new company, Kaiser had reduced the number of expatriate Americans in its Jamaican operation to one—the manager. In his speech at the signing ceremony Mr. Manley left the workforce in no doubt that much would now depend on them, and their willingness to make a success of the business.

Kaiser's agreement is now likely to be followed by the signing of a similar document with Reynolds, another major U.S. producer, and the completion of negotiations within the next few months with Alcan, and the Alpart consortium, both of which operate integrated mining and alumina refining plants.

The model could be another agreement reached at the end of last year between the Jamaicans and Alcoa under which the company is ceding 6 per cent. of its total operations on the island—equivalent to around half the value of the mining operation on its own. The Alcan deal has proved to be the most difficult to negotiate, partly because of the company's reluctance to become involved in a Government partnership following the experiences it made in Guyana where its assets were nationalised. The Alcan operation is potentially the most important to the Jamaicans, however, as it operates as a completely devolved management unit and could be used as the basis for Jamaica's own ambitions to become an alumina producer.

If all the deals work out successfully and bring a new stability to production and to labour relations, Jamaica will have gone some way towards allaying the fears held by the big aluminium producers. The companies, however, are in a much better position than they were only a few years ago to make alternative arrangements, if problems now arise or if new conditions are imposed.

Kaiser draws 70 per cent. of its bauxite from Jamaica but can expand its Australian bauxite operation if necessary. On the American west coast Australian alumina is already competitive with alumina processed from Jamaican bauxite, despite the extra distances involved. Unlike some other aluminium companies, Kaiser itself does not have a third bauxite supply source, but reckons that by the time it requires additional bauxite in the 1980s it may have become economic to exploit alumina-bearing clays in the U.S. Brazil is also emerging as a major rival to the Jamaicans.

It is partly this likelihood of increased competition that has caused the Jamaicans to search for new partners able to lessen their dependence on North American companies. East Europe, where the Russians are expanding their aluminium capacity, is seen as a potential market for bauxite, and the Hungarians are advising on the construction of a 600,000 tonnes per year alumina plant in Jamaica, which would supply aluminium smelters in Mexico, Venezuela and Algeria. Various other Caribbean projects involving Jamaica, Guyana, and Trinidad have also been discussed.

The search for new partners is not however going to be confined to developing countries and the Soviet bloc, despite Jamaica's new friendship with Cuba and the re-election of Mr. Manley in December on a programme of further socialism. Mr. Manley, while announcing that one worker would be among those elected to the new board of Kaiser Jamaica Bauxite, also said that he believed it was necessary and desirable to work jointly with private capital derived from both local and overseas sources.

"Whatever the source from which foreign investment originates, the Government does not and could not expect this investment to operate without the capital expended generating a fair and reasonable profit for those who are its owners and controllers," he said.

That is an approach which Kaiser has decided is worth supporting and encouraging. The company is hoping the confidence it has shown by agreeing openly to a major new deal with Jamaica will not go unnoticed in the U.S. where fears of violence on the island, and of political control and a drift under Mr. Manley towards Communism have deterred investment and kept away visitors.

A rehabilitation of Jamaica in the eyes of the American public and investors will make it easier for the new agreements now being signed by the aluminium companies to work out in practice. Kaiser's top executives hope, and will enable the country to remain, as at present, the principal source of bauxite for the North American market. If it attracts other investment to the island, whether into tourism or industry, the Jamaicans will be less tempted to resort to further pressure on the aluminium companies to bolster the economy.

## Upturn at Pennzoil

HOUSTON, Feb. 9.

PENNZOIL COMPANY'S 1976 earnings excluding special items rose 23 per cent. to $131m., or $3.51 a share, compared with $106.8m., or $3.04 a share, for 1975, repots UNS.

Mr. J. Hugh Liedtke, chairman and chief executive officer, said the report reflected improved results in each major operating division.

These 1976 results do not include the extraordinary gain of $19.7m., or 60 cents a share, from the disposition of the company's Canadian potash operations and a gain of $16.7m., or 51 cents a share, on the sale of the Florida phosphate property.

Net income for the year just ended was $167.6m., or $4.92 in primary earnings a share, including the two special items.

## U.S. OPTIONS TALKS DELAYED

WASHINGTON, Feb. 9.

The Commodity Futures Trading Commission postponed a meeting to-day at which it was to continue its review of regulations for the proposed programme to establish U.S. commodity option markets. The commission officials said no date has yet been fixed for a resumption of the review.

Reuter

## Consolidated Bathurst

By Robert Gibbens

MONTREAL, Feb. 9.

CONSOLIDATED Bathurst, the major Eastern Canada pulp and paper and packaging group controlled by Power Corporation of Canada, earned $5.2m., or 67 cents a share, in the fourth quarter against $3.4m., or 44 cents a share, a year earlier.

# Steel union battle continues

BY OUR OWN CORRESPONDENT WASHINGTON, Feb. 9.

MR. LLOYD McBRIDE, the establishment candidate, appeared this morning to be winning the election for the Presidency of the United Steel Workers Union against the left wing challenge of Mr. Ed Sadlowski.

However, Mr. Sadlowski was a long way from conceding defeat. His aides claimed that returns from the Chicago-Gary district, where he is the union chief, would eliminate Mr. McBride's apparent early lead. The unofficial tally showed Mr. McBride on top by a two-to-one margin.

Mr. McBride's camp acknowledges that Mr. Sadlowski is likely to do better in the industrial heartland, but contends that Mr. McBride's strength is much more widely distributed over the country and in Canada, where steel workers have also been voting.

The final result may not be known for some time, especially if the race turns out to be close. After a bitter and rough campaign, charges of vote fraud were already being bandied around this morning and investigation of these allegations may take weeks.

The election will determine who succeeds Mr. I. W. Abel, who is retiring after more than 11 years as union President. Mr. Abel has endorsed Mr. McBride and has even threatened to resign immediately if Mr. Sadlowski wins, and break with custom by not co-operating with him at all in the transition period.

Mr. George Meany, head of the AFL-CIO and many other veteran union leaders have thrown their weight behind Mr. McBride, while Mr. Sadlowski has received a good deal of non-union support from prominent left-wing and liberal Americans.

## Minister is replaced in Ecuador

By Sarita Kendall

QUITO, Feb. 9.

COLONEL René Vargas Pazzos, Ecuador's Minister of Natural Resources since the ruling military triumvirate took power a year ago, is to be returned to military duties today. He will be replaced by General Jaime Eduardo Semblantes Polanco, head of the Armed Forces joint command. The change had been rumoured for over a month and follows other recent Ministerial shuffles.

Colonel Vargas was responsible for taking a strong line with Gulf Oil over the company's failure to deposit export payments in the Central Bank last year. Though the State oil corporation has now taken over Gulf's Ecuador holdings, the financial details of the transaction have still not been settled.

## Venezuelan oil output

By Joseph Mann

CARACAS, Feb. 9.

VENEZUELA'S crude oil production thus far this year has averaged 2.37m. barrels per day, up more than 36 per cent. over 1976, according to Government figures.

This figure is more than 633,000 barrels per day above last year's output for the same period, and surpasses the 2.3m. barrels/day average registered for all of 1976. The Government has indicated that it will maintain a 2.2m. barrels/day average for this year, but is now being faced by heavy demand pressures due to the unusually cold weather in the U.S.

# No Brazil policy change

BY DAVID WHITE RIO DE JANEIRO, Feb. 9.

THE BRAZILIAN Government will not change its economic policies following the resignation yesterday of its controversial Trade and Industry Minister, Sr. Severo Gomes.

This was stated by Sr. Mario Henrique Simonsen, the Finance Minister, who is now considered as effective economic overlord and who had long-standing divergences with Sr. Gomes over the emphasis given to exports and to foreign capital.

Sr. Gomes' resignation, the first upset in President Geisel's three-year cabinet, is believed to have been provoked by a controversy over recent political statements by the Minister, in which he called for "an opening of political debates."

Sr. Gomes is being replaced by Sr. Angelo Calmon de Sa, chairman of Banco do Brasil, the State-controlled commercial and export bank. Sr. Calmon de Sa, who previously served in the Government of Bahia State, is considered to adhere to the Simonsen line. Sr. Karlos Rischbieter, chairman of the Federal Savings Bank, is to take over Banco do Brasil.

# Guyana clash denial

BY OUR OWN CORRESPONDENT GEORGETOWN, Feb. 9.

THE GUYANA Government has joined Brazil in denying a newspaper report appearing in Venezuela that eight Guyanese soldiers were killed last month in a border clash with Brazilian troops.

The Information Ministry here last night issued a statement saying that the Ministry of Foreign Affairs had denied that there was any truth in the report in yesterday's El Nacional newspaper. The Brazilian Foreign Ministry earlier issued a one-line statement, saying, "This news has not the least foundation."

Diplomatic observers here recall that alarmist reports about Guyana were published in foreign papers at the height of what the Government claimed was a destabilisation campaign. Most of the reports then alleged that Guyana was barbouring thousands of Chinese and Cuban troops in the interior, but these reports were found to be false.

Observers do not rule out the possibility that the El Nacional story may have been the work of Cuban exiles, who have put Guyana on a list of countries which should be targets of hostile action because of their relations with the Castro government of Cuba.

Eleven Guyanese were among 73 persons who died when a Cuban airliner was sabotaged off Barbados last October. Two months before, Cuban exiles allegedly bombed the Guyana consulate in Trinidad. Observers believe that the latest report is aimed at provoking tension between Guyana and Brazil.

## Repco deal

REPCO said its wholly-owned unit, Repcoparts U.S.A. Inc., has agreed to acquire Geon Industries Inc's foreign car parts division for over $10m., reports Reuter from Melbourne.

It said it anticipates a further $6.5m. will be required before end 1977 to finance working capital.

The agreement is subject to Geon shareholders' approval.

OVERSEAS NEWS

# PLO and Jordan move to end seven-year dispute

BY IHSAN HIJAZI
BEIRUT, Feb. 9.

THE PALESTINE Liberation Organisation and Jordan open talks on Saturday in Amman, according to the head of the team negotiating on behalf of the PLO for reconciliation and co-operation with the Government of King Hussein.

Mr. Khalid Al Fahoum, Speaker of the Palestine Parliament-in-exile known as the National Council, said in an interview published here to-day the talks are expected to last one or two months.

The PLO delegation includes two members from the main group, El Fatah, and a representative of the Damascus-based organisation, Al Saiqa.

The PLO leadership, headed by Mr. Yasir Arafat, decided to proceed with the talks when it met in Damascus last month. The resolution stipulated the discussions should be on the basis of the principles adopted by the Arab summit conference held in Rabat in October, 1974, when King Hussein joined other Arab heads of State in recognising the PLO as the sole legitimate representative of the Palestinian people.

This will be the first serious attempt at a Palestinian-Jordanian reconciliation since the guerillas were driven out of Jordan seven years ago.

Syria played a major role in arranging for talks. Up till now the PLO has insisted on re-establishment of guerilla bases in Jordan as a precondition for resumption of co-operation with King Hussein who, for his part, has made it clear he will not under any circumstances allow the re-establishment of the freedoms the commando movement enjoyed in his kingdom before 1970.

Mr. Al Fahoum, who spoke to the Beirut-based World News Agency, said mobilisation of Palestinians in Jordan for the confrontation with Israel will be one of the subjects the PLO team will raise with Jordanian officials. It will also discuss effective support to the Arabs in Israeli-occupied territory, he said.

Informed sources said Jordanian-Palestinian co-ordination for participation in a reconvened Geneva Conference on the Middle East is expected to dominate the initial stages of the talks. The PLO wants to be invited to Geneva separately, but may accept being part of a single Arab delegation including Jordan. The Israelis insist the Palestinians should be represented within a Jordanian delegation.

President Anwar Sadat of Egypt and President Hafez Al Assad of Syria have spoken about the need for a link between Jordan and the proposed Palestinian State which the Arabs want to see created in the West Bank of the Jordan and the Gaza Strip if and when the two areas are recovered from Israel.

# Israel cool on Waldheim visit

BY L. DANIEL
JERUSALEM, Feb. 9.

WITH Dr. Kurt Waldheim, the UN Secretary-General, due in Israel to-morrow, the Government is stressing that it does not regard his Middle East mission as an acceptable political initiative, nor as an alternative or complementary move to that of the U.S.

*The emphasis is on the word* "political." The official Israeli view is that the UN's role can only be a functional one and the only power able to bring about serious progress towards a solution of the Middle East conflict remains the U.S.

Israel has also made it very clear again in recent days that she continues to oppose the establishment of an independent West Bank/Gaza Palestinian State.

The Government accepts that any resolution to the Arab-Israeli conflict must solve the Arab refugee camp problem. But Israel asserts that the West Bank and Gaza lack the infra-structure and the land to permit the rehabilitation of more than a handful of refugees. On the other hand, it insists there is plenty of land in Jordan and an infra-structure—hence Israel's insistence on a Jordanian/West Bank state, whatever its name.

With Dr. Waldheim's hands bound by the Egyptian-sponsored General Assembly resolution and the road to Geneva blocked by the insistence on the participation of the PLO, Jerusalem is pinning its hopes on the U.S. Mr. Cyrus Vance, the new Secretary of State, is due here at the start of next week.

*Michael Tingay adds from Amman:* Dr. Waldheim concluded his initial assessment of the Arab States' differing attitudes towards a resumption of the Geneva peace conference to-day after talks here with King Hussein of Jordan.

His fact-finding mission has underlined the fact that although the Arabs are trying to work towards a unified peace strategy, they have substantial differences of approach.

Egypt badly wants the conference to be resumed as soon as possible with a separate delegation for the PLO, while Syria wants a single Arab delegation at Geneva.

# Shell Qatar off-shore take-over completed

DOHA, Feb. 9.

THE QATAR Government took over the Shell company of Qatar to-day in a move which completes its take-over of all oil and gas operations in the Gulf state, officials announced. Under an agreement signed to-day with the Royal Dutch-Shell group, the State took over the group's remaining 40 per cent. stake in Shell Qatar, a company which operates Qatar's off-shore oil-fields.

The oil-fields have a daily average output of about 250,000 barrels of crude, accounting for half the total Qatari production. Details of the take-over terms were not immediately available, but oil industry sources said that Shell would continue to operate the oil-fields on behalf of the Government, on terms similar to those for last year's take-over of the Qatar Petroleum Company (QPC) which operates the country's on-shore oil-fields.

Under to-day's agreement, the assets of Shell Qatar will be handed over within 30 days to the Qatar Petroleum-Producing Authority (QPPA), a State-owned organisation controlling national hydrocarbon resources, the sources said. Shell would, meanwhile, set up a company to be called the Qatar Shell Services Company (QSSC) which would operate the off-shore oil-fields for the Government at an agreed fee.

There was no information on the fee, but the sources said that it was definitely higher than the 15 U.S. cents-per-barrel produced, which the Government agreed to pay the former owners of QPC to operate the on-shore oil-fields. This was because operating off-shore oil-fields is more expensive. For similar reasons, Shell was likely to receive more in cash compensation than the £10m. received by QPC, they added.

To-day's agreement was signed by the Petroleum and Finance Minister, Sheikh Abdul Aziz Bin Khalifa al Thani, and Mr. A. J. Miller, Middle East co-ordinator for the Royal Dutch-Shell group. An agreement in principle for the take-over was signed here seven weeks ago after more than a year of protracted and sometimes difficult negotiations.

Oil industry sources said that to-day's agreement did not cover the Qatar Gas Company (QGC), because the Government had already taken over Shell's 30 per cent. interest in the concern, in which £900m. was invested under a secret agreement reached four months ago. Detailed terms were not revealed for the take-over of the gas company which will exploit the gas from Qatar off-shore oilfields.

Reuter

COMMUNIST INSURGENTS IN MALAYSIA

# Hope springs eternal

BY WONG SULONG

MALAYSIAN police recently showed newsmen a large assortment of equipment recovered from communist insurgents over the past two years.

There were half a dozen rocket launchers, about a dozen Llama pistols belonging to assassination squads, dozens of detonators, rusty nails and spikes used for the deadly booby traps, stacks of communist literature and little red books of Chairman Mao's quotations, medical kits complete with acupuncture needles and even condoms.

What was striking was the crudity of the arsenal. The few M16 rifles and American-made mortars appeared to have been bought on a piece-meal basis along the Thai border—the remaining weapons were mainly World War II remnants and stuff locally-made from steel pipes, and bicycle tubes.

When the communists won Indochina, military experts feared the American arms left in Vietnam and Cambodia would soon find their way to the Thai and Malaysian guerillas. But as the captured weapons indicate, the Malaysian Communists have not, despite the long years of struggle, persuaded their comrades in the north to supply them with modern arms. According to Tan Sri Ghazali, the powerful Home Minister, they are not receiving foreign arms because they are not in a position of strength. Any foreign government supplying arms to a revolutionary movement wants to be sure that the revolutionaries can keep them out of government hands, he adds.

So 30 years after their war of liberation, the 3,000 Malaysian guerillas are still lurking on the Thai border, nowhere near success. The Malaysian economy remains buoyant, depriving the Communists of their best weapon to incite popular unrest, time is defusing the potentially explosive racial issues, as are the efforts of the Prime Minister, Datuk Hussein Onn, to give the non-Malays a fairer deal.

The past year has been a disaster for the Communists. In 1974 and 1975, morale among the Government security forces was low, while the Communists seemed able to strike with impunity all over the country, assassinating intelligence officers, blasting railway lines, showering military bases with rockets, blowing up the national monument, and killing the nation's top policeman in broad daylight in Kuala Lumpur.

Then the security forces hit back with curfews across the country, especially in the Chinese new villages and towns, house-to-house searches and road blocks effectively breaking the Communist underground movement in the urban areas. More than 1,500 were arrested and several killer squads crippled.

The Communists won a brief victory last June when the Thais ordered the Malaysian police and intelligence units out of Betong following joint Malaysian-Thai raids, but the military takeover in Bangkok last October reversed this. A new border agreement to be signed in Bangkok next month provides for hot pursuit by the military of both countries (previously this was confined to the police), and more joint operations are being planned.

> "Any foreign government supplying arms to a revolutionary movement wants to be sure the revolutionaries can keep them out of Government hands."

The Revolutionary Faction of the Malayan Communist Party (the RF) and the bigger and more aggressive Marxist-Leninist Faction (ML) broke away from the main MCP four years ago, and since Peking has always backed the main MCP, the ML and the RF had no choice but to turn to Moscow and Hanoi.

The quarrel between the three factions led to the return of the elusive guerilla leader, Chin Peng, to his jungle headquarters at the end of 1975. Now in his mid-fifties, Chin Peng had not been seen in public since the abortive peace talks with the former Prime Minister, Tengku Abdul Rahman, more than 20 years ago and some suggested he had died.

Chin Peng is one of the most durable of the Asian guerilla leaders. The second son of an immigrant from Fukien who set up a bicycle repair shop in Sitiawan, Chin Peng joined the MCP when he was 18. He fought the Japanese during the war, was awarded the OBE (although he did not receive it), and by 1947, aged 25, he was party leader with more than 10,000 guerillas at his command. The next year, he declared his liberation war—the 12-year emergency.

After his retreat to South Thailand, Chin Peng kept his movements so secret that even party cadres rarely knew he had been to their area until months later, by which time he had moved on. Malaysian intelligence confirms that he spent many years in Peking, returning when the ML accused him of deserting the struggle for the comforts of the Chinese capital.

On his return, he tried to reconcile the rival factions but failed. So the quarrel between the factions, known as the War of the Red Flower, continues with the ML and MCP trying to outdo each other in revolutionary zeal, sometimes clashing in open warfare.

Far more interest in Malaysia these days is shown in the so-called TV spectaculars, the confession three months ago of Mr. Samad Ismail, the prominent Malay newspaper editor, and the consequent arrest and c[onfessions] this week of two dep[uty] Ministers, Datuk Abdu[l] Ahmad, and Inche Abdu[l] Majid, all of whom were c[lose] aides to the late Prime Minis[ter] Tun Razak.

The confessions were appointing. The Minist[ers] admitted their activities in Communist United Front, wh[ich] operates among political part[ies], trade unions and religi[ous] groups, but did not incrimi[nate] other Malaysian politicians officials, and the extent to wh[ich] the televised confessions used to advance certain p[oli]ticians within the ruling UM[NO] Party, is a matter of wide sp[ecu]lation.

But despite their setbacks, Communists are fight[ing]. According to one Malay[sian] Communist expert they [have] two of the three ingredients [for] a successful revolution: "A w[ell] organised party, and an a[rmed] with its underground su[pport] units in the towns. All tha[t is] lacking is popular supp[ort]. That's why they are not g[iving] up."

Much of the Malaysian ( Singaporean) war against guerillas will depend on ev[ents] in Thailand. The Malays are confident that they can [con]tain their Communists, if Thais can control theirs.

Meanwhile, the Malaysian [Gov]ernment is strengthening armed forces and provi[ding] better weapons. Another 2[...] police are being recruited bring numbers to more [than] 60,000 by 1980; police p[...] military field force units being retrained to tackle u[rban] guerillas; a new army divi[sion], the third, is being formed.

# Curfew on Soweto after demonstration

BY QUENTIN PEEL
JOHANNESBURG, Feb. 9.

SIMMERING tension in Soweto, Johannesburg's huge black township, finally erupted again to-day as police used tear gas to break up crowds of children demonstrating against their colleagues taking exams.

A curfew on the entire student population has been ordered for to-morrow by the township's police chief after the students successfully disrupted exams at several schools, staging demonstrations at the school gates, throwing stones, burning exam papers and text books, and chanting slogans against those pupils writing their exams in the classrooms. Brig. Jan Visser has ordered the police to get "tough" with any school children found on the streets between 9 a.m. and 3 p.m. to-morrow, saying they will "feel the full might of the law."

Some ten schools were affected by to-day's demonstration. In the biggest, a crowd estimated by the police at 4,000 was dispersed with tear gas outside the Meadowlands School after they had burned their books.

At Orlando High School an estimated 100 policemen in three trucks confronted a crowd of some 2,000 demonstrators who scattered when the police charged, according to journalists at the scene. The demonstrators sang "freedom songs" and shouted at the students inside the school that they were wasting their time writing exams. About 1,000 pupils regrouped after the police charge and the police then fired tear gas at them.

The demonstrations began early in the day despite an appeal to parents last night over Radio Bantu by Mr. Jaap Strydom, Regional Director of Bantu Education, to dissuade their children from taking part.

Buses into the township were told by police to stop at its outskirts for a few hours during the unrest.

Brig. Visser later accused the students of a "breach of faith." "I played ball with them and took extra care that they were not disturbed in their studies," he said. "But for all my co-operation we have still had some people interfering with those students who want to write their examination. "Surely these kids are entitled to some form of protection and the police are not expected to stand idly by while this intimidation goes on."

Tension has been building up among the students ever since the start of the latest school year at the beginning of January. School children in Soweto have gradually drifted back to their classes, with their leaders in the Soweto Students' Representative Council (SSRC) apparently divided on the tactics to take in their continuing process against police detentions, the use of the Afrikaans language in black schools, and the whole system of so called Bantu education. The SSRC has clearly been severely affected both by the arrest of many of its leaders, and by the flight of others from the country.

# Fukuda may be forced to make larger tax cut

BY DOUGLAS RAMSEY
TOKYO, Feb. 9.

THE JAPANESE Government may be forced into a sharper incomes taxes cut in 1977 than it wants, thereby losing its first real battle with the opposition parties in Parliament.

Mr. Takeo Fukuda, the Prime Minister, overrode Finance Ministry objections to any tax cut whatsoever to recommend a tax cut of Y432bn. in 1977. The opposition parties, meanwhile, have forged a united front inside the budget committee (where the budget for the 1977 fiscal year is now receiving its first reading) to get the income tax cut increased to Y1,000bn.

When the ruling Liberal Democratic Party (LDP) lost its working majority in the lower house in last December's elections, it lost its majority on the budget committee where, however, it still holds the chairmanship. Now the opposition is out to test its strength.

Yesterday, the committee's deliberations were suspended following a confrontation between Government and opposition on a key legal issue, the outcome of which will have fundamental implications for the ability of LDP to get its legislation through Parliament.





CONTRACTS AND TENDERS



ENTERTAINMENT GUIDE

# Ford to use Toshiba electronic engine controls

BY DOUGLAS RAMSEY

TOKYO, Feb. 9.

...KYO Shibaura Electric ...shiba) is challenging Rock...l International of the U.S. on ... fledgling American market ... electronic automobile engine ...trol devices utilising micro...puter.

...oshiba announced to-day that ...has signed a contract with ...d Motor to supply 30,000 such ...ices using 12-bit microcom...ers for installation in the ...best quality Ford models of ... 1978 season. The company ... said it expects to sign con...ts later for much larger sup...s when Ford starts to build ...of its 1979 models.

...ockwell has already developed ... sold a similar device, though ...g a 10-bit microcomputer, to ...eral Motors for use in some ...its 1977 models. Two other ...erican companies—Motorola ... RCA—are understood to be ...eloping the electronic engine ...trol devices.

...ccording to Toshiba, Ford ...se its control device because ...is the most efficient and ...histicated ever developed, and ...kes optimum use of a large...le integration (LSI) elec...aic circuitry. The microcom...er monitors seven kinds of ...ormation constantly, and controls the gas emission recycling ratio, ignition timing and other functions. The monitored information include fuel injecting condition, external temperature, running speed, external air pressure, gas discharging condition, engine revolutions and cooler water temperature.

Toshiba also said the control device can cut down fuel consumption by up to 10 per cent. and considerably reduce gas emission.

# Thomson-CSF grants TV licence to Sony

PARIS, Feb. 9.

THOMSON-CSF said it has granted a licence to manufacture its miniature colour television camera "Microcam" to Sony of Japan.

Weighing less than four kilograms, the U.S. version of the camera has been developed by Thomson-CSF Inc, the U.S. subsidiary, and the European versions SECAM and PAL should be available this June.

Thomson-CSF gave no financial details of the agreement, but said that, following recent agreements with Sony, it will now include two new video tape recorders in its sales range, the Sony "Umatic" and the Sony "Inch." American versions of these two products were available last March and Thomson-CSF will now develop the SECAM and PAL versions.

Reuter

● Television manufacturers in Canada, facing competition from Japanese imports, are undergoing a difficult period of readjustment, according to Mr. John Pollock, president of Electrohome, the only Canadian-owned manufacturer in the field. The company is among television manufacturers in Canada which are withdrawing from full-scale production and switching to completed or partially completed sets.

# BL exports 'up 30% on value'

AMSTERDAM, Feb. 9.

...ITISH LEYLAND'S exports ...wed a remarkable increase in ...6, increasing by 30 per cent. ... value whereas the actual ...nber of vehicles exported ...wed a 10 per cent. rise.

...hese figures were given here ...lay by Mr. Alex Park, the ...npany's chief executive and ...naging director at a Press ...cheon on the eve of the Dutch ... Show.

...e stressed that although there ...pressure in the U.K. to feed ...icles into the domestic market ...combat imports, he was deter...ned "not to take that easy ...te and allow exports to suffer ...a result." The future for ...land did not just lie within ... U.K.

...r. Park, commenting on ...ernal Leyland developments, ...ied that the company was try...to extend a "community ..." to the shop floor through ...worker participation pro...mme. Though in operation ...a year, it had been a period ...solid achievement. Progress ...de so far has already been ...ealed in important areas.

...r. Park told Dutch and ...gian motoring journalists that ... year, man-hours lost through ...putes dropped by half. ...hough he would not disclose ... size of production, he pointed ... that the figures for January ...resented a record, having ...n the highest in almost two ...rs.

...e also issued a plea to the ...ntinental Press to keep matters ... the right perspective when ...orting industrial disputes in ... U.K. British Leyland, for ...mple, had as many as 59 ... totalling 160,000 people ... view of the dramatic ...ines about strikes and disputes, the picture could too easily be distorted.

Mr. Jan De Kleermaeker, managing director of British Leyland Benelux, said the company aimed to raise its market share in Holland to 6 per cent. and to at least 4 per cent. in Belgium in 1977. This compared with actual market figures of 5.2 per cent. in Holland and 3.8 per cent. in Belgium.

Earlier, Leyland had said here that in all 160,000 cars had been sold in Continental Europe in 1976, of which the three Benelux countries accounted for 46,000. After the U.S., the Benelux was thus Leyland's largest export market.

# Fiat sales advance

BY PAUL BETTS

ROME, Feb. 9

FIAT REPORTED to-day that its West European sales last year increased by 7 per cent. compared to the previous year.

Excluding Italy and Spain, where Fiat is represented by its Spanish subsidiary Seat, new Fiat registrations amounted to 440,000 cars last year out of a West European total of 7.7m. while, the European total, according to Fiat spokesman in Turin, was 13 per cent. up on 1975.

The spokesman said that Fiat had recorded a notable penetration in the British market where new Fiat car registrations increased by more than 4 per cent. to 53,000 last year.

In France, Fiat retained its position of number one foreign importer with 77,000 new registrations last year compared to 62,000 in 1975, while West Germany, with 110,000 new Fiat car registrations last year remained the Italian group's largest export market.

Fiat, he said, had accounted for 14.2 per cent. of the 9.5m. new car registrations in Western Europe including Italy and Spain.

For the third consecutive year, the Fiat 127 model was the most widely sold car in Western Europe. Last year, there were 436,000 new Fiat 127 car registrations in Europe, compared to 372,500 Renault 5s, 360,000 Ford Escorts and 358,000 VW Golfs.

# Reliant goes into Europe

FINANCIAL TIMES REPORTER

Reliant Motor is going into the Continental export market for the first time with its four-wheel cars, the Scimitar GTE and the Kitten saloon and estate.

The Staffordshire-based company already sells its three-wheelers in some Continental markets, and is to show its full size cars at the Amsterdam Show.

The overall aim is to introduce the car in Holland, the Benelux and Austria by May, and the company aims to sell 10 per cent. of its vehicle output in Europe this year.

# U.K. banks push into S. Korea

BY OUR OWN CORRESPONDENT

SEOUL, Feb. 9.

...IREE more British banks are ...tain to advance in South ...rea this year to keep abreast ... the rapidly expanding trade ...d financial relations between ...uth Korea and Britain.

They include Lloyds International, Barclays and Hill ...muel. At present the Chartered ...nk has a branch in Seoul, ...ile Lazard Brothers is operating a joint-venture merchant ...nk with Korean interests.

Lloyds and Barclays have ...ained preliminary licences ...m the Korean Government to ...en branches here. The former, ...ich has recently applied for a ...ll licence is making preparations to start operations in June, ...ording to reliable sources.

Two other foreign banks, Amex ...merican Express) of the ...ited States and Sanwa of ...pan, are also preparing to open ...anches in Seoul.

At present 11 "foreign banks have branches here, including four American, four Japanese, two French and one British, besides the Lazard Brothers, which are all doing business with both foreign and local currency loans. The authorised interest on general commercial loans is 17.5 per cent. a year.

Meanwhile, some foreign insurance companies have shown interest in exploiting the local market as the Ministry of Finance announced in a policy paper last week that it had decided "in principle" to allow foreign insurance firms to operate in Korea in the future. The Ministry said this would help modernise the Korean insurance industry which is still in the developmental stage.

But it has not yet worked out any concrete guideline for the new policy.

# Nuclear plant by 1979

SEOUL, Feb. 9.

SOUTH KOREA has begun to build a pilot nuclear fuel processing plant under a two-stage plan to produce its own nuclear fuel on a commercial basis by 1983.

The Ministry of Science and Technology said that the pilot plant for fabrication will have an annual capacity of five tons and will be completed next year. Another pilot plant for uranium refining and conversion, with an annual capacity of 10 tons, will be completed by 1979, the Ministry said.—AP-DJ.

# Fukuda urges export restraint

TOKYO, Feb. 9.

**PRIME MINISTER Takeo Fukuda said he believes self-restraint is an important factor for Japanese industries to continue exports of their goods.**

**He made the remark in the Lower House Budget Committee in reply to a question by an Opposition member who asked the Government's view on current trade frictions between Japan and the European Community.**

**Taking invisible trade accounts into consideration, Japan's foreign trade balance does not show an excessive surplus, but nevertheless, Japanese exporters should refrain from "rushing" their goods at one time, Mr. Fukuda said.**

**Similar caution also is necessary with regard to Japan-U.S. trade, he added.**

**Meanwhile, Mr. Wolfgang Ernst, head of the EEC delegation in Tokyo, criticised Japan's foreign trade practices, because he said, the EEC's trade deficits with Japan are running at a rate of $1bn. a year.**

**Mr. Ernst told a seminar in Tokyo that mutual consultation and removal of Japan's non-tariff barriers, together with Japan's efforts to stop excessive exports of certain items to certain areas, are the key to solve the current Japan-EEC trade frictions.**

# Steel record

TOKYO, Feb. 9.

JAPAN'S IRON and steel exports last year totalled a record high of 37m. tons, up 23 per cent. over 1975, the Japan Iron and Steel Federation announced.

Due to a price setback on world markets, however, the exports earned Japan an unimpressive amount of $10.88bn., only a 4.2 per cent. increase compared with the year earlier, it said.

The Federation predicted this year's export would drop to 35m. tons, including 6.5m. tons to the U.S.

AP-DJ

# Kawasaki hopes for a winner

BY JOHN WYLES, SHIPPING CORRESPONDENT

SAKAIDE, Japan, Feb. 9.

EVERY FEW years, shipyard technology allied to a shipowners willingness to take a risk produces a new generation of ship whose every move and impact on a trade is closely watched by its main competitors.

If it proves so successful as to gain a substantial proportion of the trade then rival shipowners start wondering whether or not they ought to acquire a model.

One such ship that will be closely watched by all with an interest in liner general cargo services was formally named here to-day before delivery next week by its builder, Kawasaki Heavy Industries.

In a solemn and ritual ceremony which the Japanese reserve for special ships, the largest roll-on roll-off vessel in the world was duly dubbed Seaspeed Arabia. She is the first of three identical ships being built for Seaspeed Ferries, which is owned by Kuwait Investment and a number of Greek interests.

Riding on the back of the tremendous growth of imports into the Middle East, the company has pushed itself up to the position of one of the world's leading operators of roll-on roll-off ships in just four years.

At $34m. per vessel each of the new ships has the carrying capacity of 2½ 20,000 dwt conventional general cargo ships. When Seaspeed Arabia loads her first cargo at Yokohama next week to inaugurate the company's new Japan-Middle East service she will be carrying the fortunes of Seaspeed Ferries and only to a slightly smaller extent those of Kawasaki's yard here at Sakaide.

After a decade of specialising in the building of large tankers and bulk carriers, the collapse in world demand for these vessels has left the yard fighting for survival and looking to the construction of specialised ships like the Seaspeed Arabia and liquified natural gas carriers for its lifeline.

Kawasaki will be desperately anxious for Seaspeed Ferries to prove the philosophy behind its decision to build three ships which make the standard cross-Channel ferries look like small-scale models.

In the past three years the roll-on roll-off concept has been given a tremendous boost by the chronic congestion at all the major ports in the Middle East which have been unable to cope with the phenominal increase in cargo imports sucked in by oil money.

But opinions differ as to whether the demand for roll-on roll-off ships will remain if the congestion problem is solved by massive port expansion schemes currently under way in Saudi Arabia, Iran and elsewhere in the Gulf and Red Sea.

Capt. Michael Maris, chairman of Morland Navigation (London) whose company is responsible for operating the ships, would not have been instrumental in initiating the design of the three giants unless he had every confidence in the future. He argues that the new vessels' flexibility, their capacity to carry heavy loads of up to 1,000 tons, their speed of loading and discharge and their relatively better operating costs, will give his ships a sizeable advantage over the general cargo ships being operated by the established conference lines between Japan and the Middle East.

Arguing that a conventional 20,000 dwt cargo ship will take 45 days to load in Japan and unload in the Middle East, he claims his creation will move as much as twice the tonnage in just five days. Moreover the new ship will be capable of doing the round trip Japan-Middle East in 35 days compared with the other vessel's 70.

The result says Capt. Maris is a ship whose earning power is very much greater and therefore able to give a speedier and more cost-effective service. Apart from their size, a further novelty about the new vessels is that they will be able to work with specially designed feeder ships who will take cargo transferred at sea to Iranian ports lacking roll-on roll-off berths.

Seaspeed Ferry's entry into the Japan-Middle East trade is likely to set off a round of competitive rate fixing. The new outsider plans to charge less than the conference lines and even less than the well-established rate-cutter, Russia's Trans-Siberian railway. At the moment outsiders (non-conference shipping lines) carry 25 per cent. of the 10m. tonnes a year trade and Seaspeed's arrival looks likely to boost this share.

Capt. Maris paid tribute to the Japanese workers skill and thoroughness and cited the fact that when calculating the actual deadweight of the new vessel the yard even took into account the weight of its ashtrays.

It is this approach coupled with the fact that a shipowner can be certain of delivery by an agreed date and on a high quality vessel which has helped Japan become the world's leading shipbuilder. But this was reached on the basis of supertanker production and Kawasaki's apparent success in building a very much more complicated type of ship is a clear warning to western European shipbuilders of the intense competition being mounted in Japan for the technically sophisticated ships traditionally built in Europe.

# Setback for China

TOKYO, Feb. 9.

CHINA'S EXTERNAL trade declined in 1976 for the first time in eight years but still registered a surplus totalling more than $900m., a semi-official estimate disclosed here to-day.

The Japan External Trade Organisation (JETRO) said that according to data collected from 26 nations trading with China, its exports were estimated to have risen 3 to 4 per cent. to $7.2bn. China's overall imports last year were estimated at $6.0bn. to $6.2bn., a drop of 15 to 20 per cent.

The decrease in overall trade, the first since 1968 when the Cultural Revolution was at its peak, was believed attributable to internal political turmoil and the effects of earthquakes and droughts, JETRO commented.

Japan continues to remain China's major trading partner.

Agenies

# Australian devaluation disappoints

By Kenneth Randall

CANBERRA, Feb. 9.

THE FIRST real reflection of Australia's November 29 devaluation on the pattern of trade has proved to be a disappointment for the Government. The preliminary trade figures for January, issued to-day, show that exports were up by 22.5 per cent. from December, in seasonally adjusted terms. But at the same time imports were up by 20.4 per cent.

The net result was a balance of trade surplus for January amounting to $A91m. (about £58m.), bringing the cumulative trade surplus for the first seven months of 1976-77 to $A971m. (about £621.4m.). Given the big, continuing deficit on invisibles in recent balance of payments statistics, the latest figures give little encouragement to the Government's belief that devaluation would open the way to an export-led recovery in the economy.

The preliminary trade figures for January obviously present problems in interpretation because of the short period since the devaluation (and subsequent revaluation) announcements. The fact remains, however, that imports, at $A884m. (about £566m.), were the highest on record. Exports, on both raw figures and seasonally adjusted, were back around the levels of the middle of last year at $A975m. (about £624m.) or, seasonaly adjusted, $A1.035bn. (about £661m.). The figures are bound to increase pressures on the government for further action to discourage imports.

The Director-General of the Associated Chambers of Manufacturers of Australia, Mr. William Henderson, said to-day that the January statistics "should not necessarily cause alarm," provided there was a downward trend over the next three months.

"The January import figure suggests that importers, rather than manufacturers, are reaping the benefit of any consumer demand. Now is an appropriate time for all sections of the community to consider the benefits of 'buying Australian.'"

# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MACHINE TOOLS

## Fillip for U.K. brainwave

MACHINE control technology pioneered by Plessey Numerical Controls under the acronym of RUSC will be given a considerable fillip for its dissemination throughout the world's machine-tool using industries by Department of Industry grants worth £843,000 spread over a period of five years and aimed at helping product developments.

PNC is the largest European supplier of control systems for machine tools, but it is operating in an extremely crowded market where cut-throat competition and cyclical ordering put a considerable strain on company resources, not only for financing of manufacture and marketing but also for essential research and development.

The DoI support will speed the latter operation, which is particularly important at the present time since RUSC uses microcomputer control and is at least one jump ahead of the game vis a vis a large part of the competition.

*Basic to the whole design was* the reassessment of machining needs made by the company some two years ago. Machines were cutting metal for only one-third of their switched-on time and only 3 per cent. of capstan and turret lathes were being run at speeds near economic cutting conditions, it was found.

RUSC was therefore designed to raise output and cut machine down-time and is based on two matched units, a loader/editor and a controller.

Loader/editor takes away from the machine-tool every element consuming time before metal is actually cut. It has intelligence, memory, display and keyboard and can be fed data from cassettes, tape teletype or computer to plan a piece part for production.

This unit can be plugged into the easily adaptable controller to transfer piece part programs and set up the machine for work in a few seconds.

Since it was first announced as a practical concept a year ago, the equipment has been applied to many diverse operations from pipe and plate bending to welding machines, as well as a wealth of machine-tools.

Further from Plessey Numerical Controls, Sopers Lane, Poole, Dorset, BH17 7ER. Poole (02013) 5161.

## Bolt forging heater

AN ELECTRIC induction partial heater for pins or billets, intended for the bolt forging industry, is being built by GKN Birwelco (Uskside), Church Street, Newport, Gwent, NPT 2TW (0633 63201).

The heater, which has a throughput equivalent to 800 kg of heated steel an hour, is available in two versions: for ½ to 1 inch diameter pins rated at 100 kW at 8 or 10 kHz; and for pins from 1 to 2 inch diameter, rated 150 to 250 kW at either 3 or kHz.

Steel blanks are automatically fed from a hopper which can deal with total lengths from 75 to 600mm—while up to 180mm of the pin (or blank) length can be heated to forging temperature. The maker says the heaters can be incorporated into a highly automated production line. Overall length of the heater installation is 3.14 metres.

Either static or rotary power sources are available, and the heater coil causes a minimum of scale.

## Rotary indexing drive

FOR MACHINE tools, assembly functions, machinery operations, tool changing and component rotation, an indexing drive unit has been developed by Concentric Production Research, Reddicap Trading Estate, Sutton Coldfield, West Midlands (021-378 3030).

Units can be supplied with 2, 3 or 4 in diameter drive cylinders and can be used with air or oil to a maximum pressure of 250 psi. They are available with up to 24 stations per revolution.

Mechanical limit sensors actuate electrical switches, pneumatic or hydraulic control valves, or jet occlusion devices (fluid logic system) so that the indexer can be interlocked with whatever control system is being used.

It can be controlled to give either clockwise or anti-clockwise rotation, or to hunt. The maker says it is never in a free or uncontrolled condition, so heavy loads can be moved without danger of freewheeling. The components of the unit are machined to give an angular tolerance of ±10 seconds of arc.

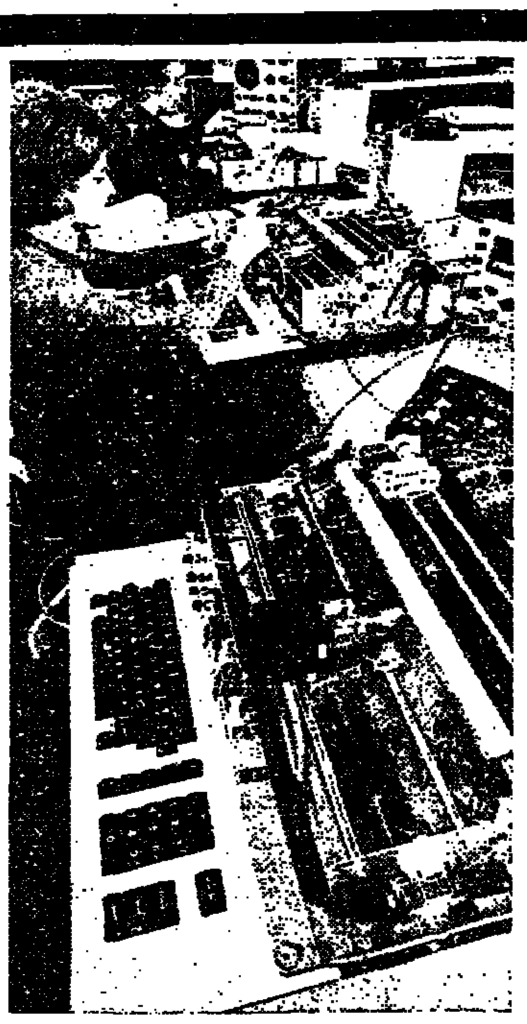
## Tool holder for capstan lathes

FIRST OF a new type of capstan attachment for centre lathes, the Akron 720B, has been launched by Acrovu, 29 Burners Lane, Kiln Farm Industrial Estate, Milton Keynes, Bucks., MK 11 3BU (0908 563465).

Designed to fit any centre lathe from 5¼ to 8¼ inch centre height, the capstan has a clamping system which makes it unnecessary to use a hand clamp, except for heavy or interrupted cuts.

The hexagonal turret is indexed automatically as the slide retracts. The bearings are designed for accuracy and long life. The turret may be bored to hold tool shanks from ¾ to 1¼ inch on the lathe, in situ, ensuring accurate alignment with the lathe spindle.

Tool holes in the turrent are bored through, allowing long components to be fed through the turret, and jammed tools to be eased out using the opposing hole.



Manufacture in progress of Honeywell's new dot matrix printer developed by its Italian affiliate at the Pregnana technology centre near Milan and in production at Caluso (Turin). The print head consists of magnetically operated needles which produce a 7 × 7 or 7 × 9 dot matrix at speeds up to 120 characters per second. Character sets, easily changed by replacing a read-only memory, have 128 symbols.

An original and up to four copies can be printed and front feed or dual paper movement can be specified as required. The ribbon is contained in a cartridge and replaceable in seconds. At each interruption in printing, the head automatically spaces right so that all printed characters can be seen.

Designers have gone to considerable lengths to simplify the mechanics of the unit and considerable use of stepping motors is being made. Many versions are being made for export to the company's operations round the world for large, small and minicomputer applications. They cover models from low-speed output printers to console printers, suitable, for instance, as communication units.

Honeywell Information Systems Italia has reached an agreement on the dot matrix printer with Tally Corporation of the U.S. This covers an exchange of know-how on printer technology as well as the sale to Tally of a large number of the new Honeywell printer units. This agreement will run till the end of 1980. It should give Honeywell Italia a considerable advantage in longer production runs and thus spread development costs over many more machines.

● DATA PROCESSING

## Low cost print and display

SIX-YEAR-OLD Newbury Laboratories, which claims to be one of the very few entirely British companies that manufactures visual display units from the component level, has announced a microprogrammed visual display terminal, plus printer, for £1,850.

The company believes it to be the first time that such a combination has been made available for under £2,000.

Model 7004 VDU has a flicker-free white phosphor display of 24 lines, each of up to 80 characters from the ASCII-ISO character set. Speeds of data transmission are selectable between 50 and 9600 baud.

Programmable read-only memories give a variety of operating facilities including page or roll mode. Also provided are x-y cursor addressing, character editing, protected field format, blink and reverse video.

Model 800 printer is a compact free-standing 7 x 5 dot matrix unit rated for continuous operation at printing speeds up to 30 characters per second. More from King Street, Oldham, Hants. RG25 1NN (025671 2910).

## Drums for popular minis

VERMONT RESEARCH, manufacturer of rotating mass *memory systems, has built a fast*, reliable randoc access head-per-track memory for the Data General Nova and Eclipse.

This Vermont model 4404 (4016) drum memory is functionally equivalent to the Data General 4019/Novadisc, occupies only 12¼ inches of rack space, yet provides up to 2m. words of data storage. The controller for the memory occupies one card slot in the processor. Average access time is 8.5 microseconds per word.

Reliability and low data error rates are assured through the use of automatic head retraction, conservative component rating and power system monitoring.

With all electronics mounted outside the drum housing, heads and media are kept free of all contaminants, even during head sparing, since this is performed outside the drum housing. The unit is mounted on ball bearing, telescopic, slides.

Vermont is at Cleeve Road, Leatherhead, Surrey KT22 7NB. Leatherhead 76221.

## Sends the data later

ANY terminal that employs serial communications can be equipped with store and forward facilities using a buffered send/receive unit offered by Data Dynamics.

Data can be placed in the store for later transmission down the line and once in the buffer can be edited using simple commands.

In its dormant code the unit is "transparent" to both the line and the terminal, that is the terminal appears to be connected directly to line. The buffer becomes active when a simple control sequence is typed in and data subsequently keyed will be stored. Another signal from either the keyboard or line will cause the buffer's contents to be transmitted to line.

Transmission speed and protocol of the terminal need not be the same as the line, so that standard terminals can be interfaced with a wide variety of equipment. For example, it would be possible to connect a standard terminal to an IBM bi-sync network or to 75 baud telex or telegraph lines.

The buffer can be supplied with from 4k to 16k characters in 4k increments and there are a number of operational options. More from Springfield Road, Hayes, Middx (01 848 9781).

● INSTRUMENTS

## Close check on coils

WAYNE KERR has developed a low inductance bridge for the designers, manufacturers and users of audio-frequency coils.

Model B324 provides a switched choice of three measurement frequencies (400Hz, 1kHz and 10kHz) with adjustable output level. The built-in detector is an aperiodic high gain amplifier and for specialised tests an external tuned detector can be connected.

Inductance and resistance are read from a pair of four figure displays with decimal point illuminated in the correct position. The best discrimination is one nanohenry and 100 micro-ohms. Maximum measurable values are 1.111 henrys and 11.11 kilohms. Used as a straightforward inductance and resistance measurements bridge achieves a basic accuracy of 0.25 per cent. up to 10 mh and 1 kilohm, falling to 0.5 per cent on the top two ranges of measurements of higher values.

The instrument should be particularly suitable for accurate measurement of ferrite and other inductors used in amplifiers, filters and communications circuits in general. Wayne Kerr is part of Wilmot Breeden Electronics, 442 Bath Road, Slough SL1 6BB (06286 61511).

## Checks for breakdown

DESIGNED to measure voltage breakdown characteristics of transistors, rectifier diodes, other semiconductor devices and neon lamps is an instrument from Stoneleigh Electronics, Mawney Road, Romford, Essex RM7 7SE (Romford 66411).

With the device across the terminals a constant current is applied which can be set within one to 15mA at a voltage up to 300V. Breakdown is shown on a moving coil meter which has switched ranges up to maximum.

A polarity switch allows rapid checking of forward and reverse characteristics and there is visual indication when the device is either open circuit or the breakdown voltage exceeds the maximum that can be supplied.

● FINISHING

## Finding the right car colour

FACED WITH between 5 000 and 6,000 different colours now in use for cars, vehicle refinishers have a major problem in correctly identifying the colour for a respray.

Some 40 per cent. of the cars on the road in the U.K. are imported, making original colour identification more difficult, and to add to the problem car manufacturers often produce vehicles in up to five variants of what is specified as a single colour.

Next month Berger Paints will introduce a car colour service which, it claims, will dramatically ease colour identification.

Using the world-wide resources of its parent company, the Hoechst Group, a two-volume manual has been prepared containing more than 2,000 colour chips of the master colours of 33 car manufacturers. This covers most of the world's makers, except those in the U.S., since there are not many American cars in the U.K.

More than 300 common variations from the master colours are included in three fans of variant chips, which can be placed on the car body to simplify matching.

Books and fans will be updated every six months (over 300 new car colours are introduced each year), and a monthly newsheet will chronicle changes to makers' colour ranges and codes.

Colours in the manuals and fans all have numbers which refer to the Viton, Bergerex and Superfast mixing guides provided with the company's weight mixing systems. It is claimed that by this method a refinisher can produce a litre of correctly matched paint in 1½ minutes.

The service will be available to refinishers for £15, including updates for a year. The subscription for the second year will probably be about £10.

Details from Berger Paints, Freshwater Road, Dagenham, Essex RM8 1RU (01-590 6030).

● ELECTRONICS

## New Bofors venture in Britain

TRADING under its new name of "Bofors-BLH," Bofors Electronics is to establish its first production facility in the U.K. from March 1. The factory is at Manton Lane, Bedford, forming part of a small light industrial estate.

Initially the factory will be used for assembly of high technology products and a production manager has already been appointed.

Bofors (Sweden) recently acquired the American company BLH Inc. and the U.K. subsidiary companies. Bofors Electronics and BLH Electronics, are being merged. The new organisation will retain the registered name Bofors Electronics, but will trade under the name Bofors-BLH, as indicated above.

The Bofors move has created a world force in load cells. Despite their apparent competitive positions, the operations and strengths of the two companies is largely complementary, with Bofors having the load cell with the highest accuracy in the world and BLH being the largest manufacturer of load cells. One of the first moves of the merger is to arrange for the Bofors highly accurate KIS shear force load cell and certain other load cells to be manufactured in the U.S. as well as in Sweden.

More from Bofors at Orchard House, Cherry Orchard Road, Croydon CR0 6BA.

● MATERIALS

## Polyester varnishes

THE STRINGENT requirements of the electrical industry are almost all covered by three impregnating varnishes developed by Hadfields Industrial Division of Bestobell Paints.

These isophthalic polyesters, with flash point greater than 32 deg.C, capable of withstanding temperatures up to and including class F (155 deg.C) continuously, and up to class H (180 deg.C) intermittently, conform in all respects to DEF 31.

Advantages claimed for the varnishes include low cure temperatures (saving energy); reduced storage problems and fire risk; and increased production.

Applications include transformers, relay coils, chokes and motors. Details from Hadfields, 131, Western Road, Mitcham, Surrey (01-648 3422).

PARLIAMENT

# Tories accuse Benn of 'smug conceit' in oil licences row

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. ANTHONY WEDGWOOD BENN, Energy Secretary, was the centre of a fierce row in the Commons yesterday when he announced the results of the fifth round of North Sea oil licence applications but refused to give an estimate of what the cost would be to the British National Oil Corporation.

Mr. Benn would only say that "very substantial expenditure" might be incurred by BNOC.

The point was put to him by Mr. Tom King, shadow Energy Secretary, who was alarmed at the financial liabilities that the State corporation was letting itself in for by taking a 51 per cent. stake in each of the fields in the latest round.

Mr. King suggested that this could put the corporation in breach of the financial limits imposed on it by the Petroleum and Submarine Pipelines Bill.

According to Mr. King, Lord Kearton, chairman of BNOC, had said that when Treasury officials were told of the figures involved in the deal for BNOC "they were aghast."

Amid noisy scenes, the Tory spokesman accused Mr. Benn of a "nauseating smug conceit" in claiming that the other oil companies recognised the justice of the Government's policy. This view, he said, was not shared by one single oil company.

He also complained about the long delay in producing yesterday's "much heralded announcement" and argued that it would almost certainly mean the whole of the coming season would be lost as far as development of the blocks was concerned.

In addition, he wanted to know what this would mean in the loss of potential increase in employment for the offshore industry.

Mr. Benn, shouting to make himself heard above Opposition jeers, said that the agitation of the Tories was manufactured to conceal their total failure to safeguard the position of Britain in North Sea oil when they were in power. He claimed that he had achieved this object in the present round of licensing.

Although he denied Mr. King's allegations, he maintained that it was impossible at the present time to estimate the cost to BNOC of exploration and development of the blocks.

This would entirely depend upon the quantities of oil that were found there and could not be known until then.

During the long wrangle, Mr. Benn continually asserted that the cost to BNOC would be exactly the same as to any other oil company.

The Energy Secretary said that it had taken three years of "hard effort to undo the damage which had been caused by the Tory Government disposing of oil without any guarantee whatever that the U.K. would benefit.

In all the blocks which he had just announced there would be a 51 per cent. BNOC holding. That was the difference.

With the petroleum revenue tax, with royalties and with the Petroleum and Submarine Pipeline Bill, 85 per cent. of the revenue from the licences which he had announced would accrue to the U.K. This represented a very substantial change of policy.

"I make no apology for taking a little bit of time to make it possible," he declared.

The arrangement meant that BNOC put up 51 per cent. of the money and got 51 per cent. of the return. That was what the 85 per cent. figure was based on.

Of the licences he had announced the public sector share was 56 per cent. and the private U.K. sector share 18 per cent., giving the U.K. as a whole 74 per cent. of the licences.

In reply to Mr. Jo Grimond (L., Orkney and Shetland), Mr. Benn said it was the Government's intention to sign the agreements soon so that drilling could start in the spring season. The project, he predicted, would bring substantial investment and jobs to the U.K. and it would be much easier for the genuine British interest to be observed because of the role of the BNOC.

Mr. Benn said that the offshore oil companies had thrown themselves with vigour into working out a proforma operating agreement which would be the basis of the relationship between BNOC and its co-licensees.

Good will on the part of the companies and recognition of the justice of the Government's policy on State participation had enabled virtually all the companies concerned to come to an understanding on this.

Mr. Robert Hughes (Lab., Aberdeen N.) wanted to know whether this proforma agreement would give the Government full right of access to information about how much resources of oil and gas there would be. He also asked whether there was a fair competition clause for U.K. suppliers of equipment and a clause covering the recognition rights of trade unions.

Mr. Benn told him that a fair opportunity provision would apply and there had been discussions with unions and the companies about trade union rights offshore. There would be access to information so that the U.K. could watch the development of these resources.

From Mr. Trevor Skeet (C., Bedford) came a demand that the Energy Secretary should cease prevaricating and say what the cost was to the BNOC of its 51 per cent. interest.

There were repeated Tory shouts of "Give us a figure!" as Mr. Benn declared: "The cost of borrowing for developing North Sea oil will be exactly the same for BNOC as for other oil companies that have to borrow money.

"The amount involved for actually developing the North Sea would depend upon whether the wells drilled turn out to be capable of development. The BNOC will be in exactly the same position as BP or any other oil company."

Far from satisfied with this explanation, Mr. Skeet raised a point of order, demanding a specific answer and wondering whether this was what Mr. Benn meant by "open government." But the Energy Secretary again insisted that it was impossible to give a figure at this stage.

There was a sharp exchange with Mr. Gordon Wilson (SNP, Dundee E.), who said that Mr. Benn's reputation as an English nationalist would be enhanced by his statement that 85 per cent. of the revenue would be going "into the Treasury and the hands of London."

He urged that there should be a clear understanding that projects for equipment and development should come from Scottish sources and that Scottish nationals should be employed where possible.

Mr. Benn replied that Mr. Wilson seemed to be suggesting that the Government should steer work away from factories in England and give it to Scotland.

"Quite candidly, I don't think it right for a U.K. Minister to do things that would hinder opportunities for platform builders in the North-east," he added.

He said there was an obligation to give Scotland a full and fair opportunity and no more. But there was no doubt that the majority of jobs would accrue in Scotland as a result of the latest round.

## Ports Bill ruled out this session

By Ivor Owen

PRESSURE ON the Government's legislative programme has made it necessary to rule out any possibility of a Bill being introduced in the current Parliamentary session to nationalise the ports, Mr. William Rodgers, Secretary for Transport, told the Commons yesterday.

He was replying to Mr. Edward Loyden (Lab. Garston) who complained that although nationalisation of the ports had been one of Labour's objectives for 28 years, nothing had been done about it. He urged the Minister to intervene to prevent the closure of the port at Preston.

Mr. Rodgers pointed out that the future of Preston was entirely a matter for the local authority. He had no statutory powers to intervene.

The Minister joined with Mr. Robin Cook (Lab., Edinburgh Cent.) in deploring attacks made on the nationalised industries by Tory MPs and criticised Mrs. Margaret Thatcher, the Opposition leader, for voting in support of private members' Bills to denationalise the British Steel Corporation and the National Freight Corporation.

"I am not surprised that morale in some nationalised industries is low because of these very unthoughtful and unfair attacks," said Mr. Rodgers.

## Lorry tax case acknowledged

By Ivor Owen

IN EXCHANGES in the Commons yesterday, Mr. William Rodgers, Secretary for Transport, again acknowledged the strength of the case for increasing the tax on heavy lorries.

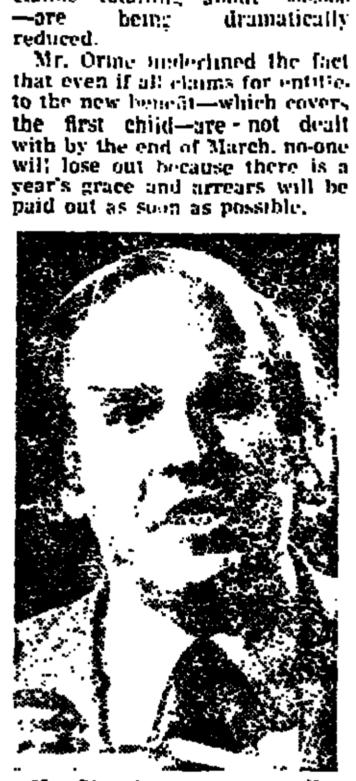
# Orme denies child benefit 'shambles'

BY IVOR OWEN, PARLIAMENTARY STAFF

OPPOSITION CHARGES that the new child benefit scheme, due to be introduced in eight weeks' time is a "shambles" and "heading for the rocks" were vigorously denied by Mr. Stan Orme, Minister for Social Security in the Commons last night.

While unable to guarantee virtually complete take-up of the new benefit when payments start to be made in April, he assured the House that outstanding claims—totalling about 800,000—are being dramatically reduced.

Mr. Orme underlined the fact that even if all claims for entitlement to the new benefit—which covers the first child—are not dealt with by the end of March, no-one will lose out because there is a year's grace and arrears will be paid out as soon as possible.



Mr. Stan Orme . . overall take-up "good."

Overall take-up was already "very good" and late claimants, a small minority at most, would be doing no more than postponing the payment of the benefit due to them.

But the Minister's assertions and denials made little impression on Tory MPs who cheered Mr. Patrick Jenkin, shadow Social Services Minister as he traced the confusion and muddle arising from the policy changes made by the Government since the new child benefit scheme was first announced.

These stemmed from the strong objections lodged by the TUC against the cut in take-home pay resulting from the introduction of child benefits in place of family allowances and child tax allowances—the effect being to switch money from the husband's pay packet to the wife's purse.

"It is a classic tale of order, counter-order and disorder" charged Mr. Jenkin. He feared that the shambles to which the scheme had been reduced would have the effect of undermining the whole credibility of the tax credit system.

Chaos and confusion had dogged the various explanatory leaflets issued by the Department of Social Security and their distribution through the Post Office had been ineffective and, in many cases, incomplete.

He estimated that about one million families entitled to claim child benefit out of a total of three million had not yet put in a claim. The new scheme was starting in just eight weeks time and hardly anybody understood what was going to happen.

Mr. Orme flatly dismissed much of Mr. Jenkin's speech as "alarmist rubbish" and claimed that the only shambles was the Opposition's attempt to discredit the scheme.

He stated that changes made in the scheme as a result of consultations with the TUC and the Parliamentary Labour Party would result in the transfer from pay packet to purse taking place over three years.

In the tax year beginning April, 1977, the mother would receive £1 for the first child and £1.50 for the others and in a family paying basic rate tax, the father would lose 70p.

In the next two years, take home pay would be reduced in two further stages by further reductions in the child tax allowances which would be made good by increased child benefit payable to the mother.

Mr. Orme explained that on current tax rates and allowances the further transfer from take home pay to benefit over the two years taken together would be £1.32 a week for the first child and £1.14 a week for every other child.

"How this will be divided between the two years will be announced later," he said.

At the end of the debate the Government had a majority of seven (278 to 271).

# Peers urge industry link with schools

THE LOW ESTEEM in which industry was now held in British society was blamed in the Lords yesterday for a big drop in the number of graduates entering industry.

Opening a debate on industry and society, Liberal peer Lord Rochester indicated the number had fallen in the ten years up to 1975 from 57 per cent. to 37 per cent. He said he was particularly concerned about industry's image among students.

Lord Rochester added that the recent Government statement on the Bullock report on worker directors had damaged still further the morale of industrial management—a morale which was already "pretty low."

Lord Carr of Hadley, former Tory Employment Secretary, said people in this country expected rising material standards of living while holding in relatively low regard activities which alone could increase the national welfare. Some sort of action to change that attitude would have to be taken.

Lord Carr stressed the need for industry to have more contact with schools. Companies should be encouraged to join local activities, providing people as well as money to help the community.

Lord Seebohm said the careers advisory service for school leavers was incompetent and was now distrusted by industry. The service should be taken out of the education system.

There should be some form of local commission composed of people who worked in the area, people from professions and factories and from education departments. And there should be far more co-operation between schools and local businesses.

Lord Seebohm said he had been asked by one firm he had visited to stop teachers and careers masters telling the bright young men at their schools not to go into industry because it was a "dangerous, dirty and risky business."

Lord Bowden said we had failed to realise in the last few years that the salaries awarded to people in national and local government had wildly exceeded salaries awarded to contemporary men with the same qualifications working in industry.

He warned that the ratio must be changed, otherwise the image of industry would remain "abysmally low" and business, upon which society depended, would never prosper.

Lord Bowden said that much of the fluctuation in industry had been caused by the direct policies of successive governments. The building industry, for example, had been almost destroyed as a result of action taken by the Chancellor.

Lord Polwarth (C.) said there seemed to be a growing realisation that it was by industrial performance that we would either stand or fall, and that the main responsibility for that performance lay with management.

"There is at long last some appreciation of the fact that management must get less stick and more carrot if it is going to get and keep the standard of recruits it deserves."

Lord Annan (Ind.) said writers had always shown almost unanimous opposition to the life lived in industry and the amassing of money and commerce. This was true of the attitude of the intelligentsia all over Europe.

But it was peculiar that in Britain we had followed the advice of our sages, while in France, Germany and the United States, the same attitudes were totally disregarded by the nation as a whole.

The Bishop of Worcester, Dr. Robert Wood, said people did not take a positive view of the activities upon which their future depended. There was an enormous moral responsibility on the teaching and managerial professions and on the churches. The creation of wealth was a major responsibility and without its creation there could be no social progress.

Lord Kagan said differences in pay between British and Continental workers meant a danger of creating a steady drain of talent to Europe.

He said the effect of our present high taxation was psychological as well as economic and added: "It is not fair to make people wait for their reward in the world hereafter. They want it here."

Lord Gore-Booth said the media had helped to divide industry into two factions—the directors and the workers. There was a great chasm in public knowledge of what managers did and how they did it and the Bullock report had been "incredibly weak" about management.

# Illegal immigrant plans too limited, says Whitelaw

A REGISTER of dependants as control on illegal immigration would not be desirable, practicable or likely to serve the purposes which promoters of the idea intended for it," Mr. Merlyn Rees, Home Secretary, told the Commons yesterday.

In a statement on the Franks Report, Mr. Rees indicated that the Government was considering other steps to relieve current anxieties. New immigration rules were proposed shortly to deal with marriages of convenience, he said.

He was also investigating the extent of "overstaying" by people admitted for temporary periods. "This is a society based on racial equality and harmony in which all with a right to live here are treated fairly. This can be assisted by firm action to check abuses of the present system."

Mr. Rees said he was considering the question of reforming nationality laws, which would bear on immigartion policy.

Mr. William Whitelaw, shadow Home Secretary promised support for steps "that must be taken to relieve anxieties about the scale of immigration." But he warned that the limited measures "do not go to the heart of the problem and will not allay basic fears about the scale of immigration and the uncertainty over immigrant trends."

He urged the Government to bring forward its proposals as soon as possible.

Mr. Emlyn Hooson, Liberal spokesman said that reform of nationality laws was the key to the problem.

Mr. Rees told him that he would be publishing a discussion paper shortly, based on a document perpared before he became Home Secretary. "Every page of that document is a minefield which could cause the greatest problems," he said.

Legislation at this stage would "make the devolution Bill look like a one-clause Bill."

Mr. Rees told Mr. Reg Prentice (Lab., Newham NE) that procedures for genuine immigrants abroad waiting for interviews had been speeded up.

Mr. Enoch Powell (UUU Down S) said that estimates in the report, of the proportion of the population originating in the New Commonwealth by the year 2000 were greater than his own 1968 estimate of 6½ per cent.

There were muttered Labour objections as he added: "An overall percentage in the United Kingdom of 7 per cent. means there will be 20 per cent., 30 per cent. and 40 per cent. in our cities and areas primarily affected."

Mr. Rees told Mr. Powell that the situation "long after our time" would be different from the one Mr. Powell envisaged. He rejected his attitude, and added bitterly: "Whenever you make a speech in this way, I get in my postbag abusive letters that link not only black and brown people, but also the Irish."

Mr. Reginald Eyre (C. Hall Green) said that serious problems relating to health and housing in run-down inner city areas had been made worse by recent public spending cuts and the rise in unemployment. It was unfair to the families living in those areas to continue the present immigration policy.

Mr. Rees told him that the way he had expressed the question betrayed a misunderstanding of the figures.

MR. MERLYN REES
"A society based on racial equality."

Mr. Sidney Bidwell (Lab. Southall) urged Mr. Powell to address his mind to what was going on in Rhodesia rather than to the prospect of civil war in Britain. There were untold millions of patrials, mainly white, who had an absolute right of entry to the U.K.

Mr. Dudley Smith (C. Warwick and Leamington) said there was real anxiety in areas of high immigration. It was not really a question of race but one of numbers. The vast majority of people felt that the numbers were too high.

Mr. Rees said that overstaying might prove to be the major factor that was worrying people.

## Rosebery makes revised Mentmore offer

LORD ROSEBERY has now made a revised offer to sell Mentmore Towers, near Aylesbury, Bucks., to the State for £3m., Baroness Birk, Under-Secretary for the Environment, told the Lords yesterday. This sum, which would include the land and many of the contents of the house, compares with an asking price of £2m. in the original offer which was not taken up by the Government.

However, Lady Birk said that the Government is prepared to consider the renewed offer provided a sufficient sum is forthcoming from private sources towards the cost of acquisition and future running costs.

She also announced that the Government is considering whether the period in which Mentmore would qualify for some privileges in valuation for estate duty purposes could be extended.

One difficulty about the negotiations had been that the sale had to be completed by May in order to qualify for such relief.

Lady Birk told peers that there could be no precise estimate of annual maintenance costs but it would probably be £80,000 a year, less income from admission fees and catering.

## Speed limits verdict soon

THE GOVERNMENT will decide before Easter on the future level of speed limits, Mr. John Horam, Transport Under-Secretary, told the Commons yesterday.

The aim was "to get those limits that will stick and which make sense on road safety grounds," he added.

Mr. Nicholas Winterton (C., Macclesfield) said police would verify that the 50 mph and 60 mph limits, introduced during the energy crisis, were being flouted.

And another Tory MP, Mr. Nick Budgen (Wolverhampton SW), said the overwhelming majority of representations argued that the road safety case for the limits had not been made out.

## Strike debate refused

A CALL for an emergency Commons debate on the 11-week-old official strike of journalists at the Northamptonshire Evening Telegraph was refused by the Speaker, Mr. George Thomas, yesterday.

Asking for a debate, Mr. Peter Fry (C., Wellingborough) claimed the editor had yesterday been called before a "kangaroo court" consisting of strikers and accused of exceeding his responsibilities.

"If this case against the editor succeeds, there is no newspaper editor in this country who is safe from this kind of victimisation," he said.

Mr. Fry suggested that the chairman of the local NUJ branch, Mr. Ian Reinecke, was "a major cause" of dispute. "The activities of this particular gentleman... do deserve some investigation, particularly his background and intentions," he added.

# Written Answers

## PRICES

**Mr. Michael Neubert (Con. Havering, Romford) When is the next report of the Price Commission to be published?**

Mr. Roy Hatersley, Secretary of State. In approximately three months' time.

*

**Mr. Max Madden (Lab., Sowerby) What powers are available in the department to stop goods, manufactured overseas, from being distributed nationally and internationally under U.K. trade marks or labels?**

Mr. John Fraser, Minister of State. The Trade Descriptions Act 1972 prohibits the supply of imported goods bearing any U.K. name or mark, unless accompanied by a conspicuous indication of the country of manufacture, and the Trade Descriptions Act 1968 prohibits the importation and supply of goods bearing a false indication of origin.

*

**Mr. J. W. Rooker (Lab., Birmingham, Perry Barr) What is the estimate of relief given under the price code for investment in the past 12 months.**

Mr. Robert Maclennan, Under-Secretary. In the 12 months to November 1976 the Price Commission dealt with claims worth more than £700m. and covering investment expenditure worth about £2,000m. However, the constraints on the market will have reduced the extent to which claims for investment relief are taken up. Not all of the £700m. will therefore have been reflected in higher prices.

*

**Mr. Brian Sedgemore (Lab. Luton West). Could the Price Code be adjusted to ensure that price increases by the brewers do not lead to excessive profit increases?**

Mr. Maclennan. The Price Code restricts the profit margins of firms in the brewing industry in the same way as for other industries. All major brewers are required to give advance notice of price increases and regular reports of profit margins to the Price Commission, whose function is to ensure that price increases and profit margins conform with the Code.

## TREASURY

**Mr. Ian Campbell (Lab. W. Dumbartonshire). What differential duty is enjoyed by Cognac and other French spirits within France compared with imported British spirits?**

Mr. Robert Sheldon, Financial Secretary. In France, the total level of excise duty on spirits is the combination of the appropriate consumption tax and any production tax. From February 1, for Cognac the total excise duty is Fr.3,490 per hectolitre of pure alcohol (equivalent to £10.66 per proof gallon) but for Scotch whisky it is Fr.5,800 per hectolitre of pure alcohol (£17.72 per proof gallon).

## U.K. ECONOMIC INDICATORS

| | 1977 | 1976 | | 1975 | |
|---|---|---|---|---|---|
| | Jan. | Dec. | Nov. | Jan. | Dec. |
| **General** | | | | | |
| Unemployment ('000s) | 1,448.2 | 1,371.0 | n.a. | 1,430.4 | 1,311.5 |
| Currency reserves ($bn.) | 7.196 | 4.129 | 5.136 | 6.785 | 5.429 |
| Basic materials (1970=100) | 338.2p | 330.1 | 331.8 | 261.5 | 259.5 |
| Manfrd. products (1970=100) | 244.9p | 237.2 | 234.6 | 204.8 | 201.3 |
| Bank advances (£bn.) | 16.164 | 15.635 | 15.515 | 14.488 | 13.731 |
| | 1976 | | | 1975 | |
| | Dec. | Nov. | Oct. | Dec. | Nov. |
| Terms of trade (1970=100) | 79.1 | 78.2 | 79.2 | 80.3 | 81.2 |
| Wage rates (July 1972=100) | 220.2 | 219.4 | 218.2 | 197.0 | 194.4 |
| Retail prices (1974=100) | 168.0 | 165.8 | 163.5 | 146.0 | 144.2 |
| HP debt (£m.) | 2,662 | 2,605 | 2,519 | 2,320 | 2,289 |
| Retail sales value (1971=100) | 214.5 | 212.9 | 207.7 | 186.4 | 180.8 |
| | Nov. | Oct. | Sept. | Nov. | Oct. |
| Industrial output (1970=100) | 102.6 | 102.5 | 102.1 | 100.2 | 101.2 |
| | Oct. | Sept. | Aug. | Oct. | Sept. |
| Unfilled vacancies ('000s) | 139.3 | 141.7 | 139.8 | 132.0 | 142.4 |
| | 1976 | | | 1975 | |
| | Dec. | Nov. | Jan.-Dec. | Dec. | Jan.-Dec. |
| **Trade and industry** | | | | | |
| Steel, weekly average ('000 tonnes) | 378.2 | 467.1 | 429.4 | 310.0 | 382.2 |
| Imports fob (£bn.) | 2.541 | 2.534 | 2.341 | 1.946 | 1.815 |
| Exports fob (£bn.) | 2.362 | 2.223 | 2.032 | 1.761 | 1.569 |
| Visible trade balance (£bn.) | −0.179 | −0.310 | −0.318 | −0.185 | −0.250 |
| Cars ('000s) | 96p | 110 | 109.5 | 103 | 107.3 |
| Commercial vehicles ('000s) | 25.7p | 32.6 | 30.3 | 29.6 | 32.2 |
| Bricks (millions) | 340 | 476 | 450 | 387 | 418 |
| Cement, weekly average ('000 tonnes)* | 231 | 300 | 329.6 | 238 | 324 |
| | Nov. | Oct. | Jan.-Nov. | Nov. | Jan.-Nov |
| Houses completed ('000s)§ | 27.6 | 25.8 | 25.1 | 28.1 | 23.6 |
| TV sets ('000s)‡‡ | 277 | 257 | 207 | 221 | 211 |
| Radios, radiograms ('000s)‡‡ | 410 | 374 | 315.2 | 351 | 381 |
| Petroleum (m. tonnes)h | 7.218p | 6.553 | 6.580 | 7.082 | 6.63 |
| | Oct. | Sept. | Jan.-Oct. | Oct. | Jan.-Oct. |
| Furniture (1970=100)† | 168p | 150 | 151.8 | 135 | 136 |
| Machine tools (£m.)† | 29.8p | 30.8 | 28.8 | 28.6 | 26.8 |
| Raw cotton, weekly average ('000 tonnes)‡ | 2.65 | 1.81 | 2.31 | 2.15 | 2.1 |
| Electric cookers ('000s)†‡ | 101.3 | 95.3 | 79.6 | 103.3 | 78.85 |
| Washing machines ('000s)† | 112.3 | 105.3 | 79.6 | 93.6 | 81.5 |
| Engineering orders on hand (1970=100)** | 91 | 91 | 91.9 | 103 | 113.5 |
| Hosiery (1970=100)** | 107 | 101 | 100.0 | 98 | 96.1 |
| | Sept. | Aug. | Jan.-Sept. | Sept. | Jan.-Sept. |
| Raw wool (m. kilos)§ | 10.6 | 8.3 | 9.9 | 9.3 | 9.1 |
| | 4th qtr. | 3rd qtr. | Year | 4th qtr. | Year |
| Consumer spending (£bn. 1970 values) | 8.955g | 8.928 | 35.371 | 8.804 | 35.413 |
| | 1976 | | | 1975 | |
| | 3rd qtr. | 2nd qtr. | 3rd qtr. | 2nd qtr. | Year |
| Motor trade turnover (1972=100) | 177 | 176 | 151 | 148 | 145 |
| Building and civil engineering (£bn.) | 3.275g | 3.174 | 3.036 | 2.912 | 11.610 |

* Production. † Deliveries. ‡ Net sales. § Consumption. ¶ Seasonally adjusted. †† All manufacturing industries. ‡ Excluding car radios. ‡‡ Deliveries, U.K. made and imported sets. d Prices. ‡ Including cooker griller toasters. e Value of output. * United Kingdom not seasonally adjusted. g First preliminary estimate. p Provisional figures. h Deliveries of petroleum products for inland consumption. n.a. Not available.

## SNOW REPORTS

| | Depth (cms.) L | U | State of Piste | Weather | °C |
|---|---|---|---|---|---|
| Courmayeur | 110 | 230 | Heavy | Rain | 5 |
| Snowing above 2,000 metres | | | | | |
| Davos | 80 | 220 | Heavy | Snow | 2 |
| Good skiing above 2,000 metres | | | | | |
| Kitzbuhel | 50 | 170 | Heavy | Cloudy | 1 |
| New snow on upper slopes | | | | | |
| Lermoos | 50 | 130 | Heavy | Rain | 5 |
| New snow on upper slopes | | | | | |
| Solynieve | 15 | 136 | Varied | Fine | 11 |
| Spring snow on sunny slopes | | | | | |
| Les Menuires | 58 | 245 | Heavy | Cloudy | 5 |
| Slush on lower slopes | | | | | |
| Murren | 80 | 247 | Heavy | Rain | 3 |
| Slush on lower slopes | | | | | |
| Val d'Isere | 160 | 260 | Varied | Snow | 2 |
| New snow melting | | | | | |
| Verbier | 40 | 170 | Spring | Rain | 5 |
| Slush on lower slopes | | | | | |
| Vose | 75 | 90 | Hard | Good | — |
| Good skiing conditions | | | | | |
| Wengen | 40 | 100 | Heavy | Snow | 4 |
| **AUSTRIA** | | | | | |
| Alpbach | 50 | 180 | Poor | — | 2 |
| Badgastein | 10 | 120 | Fair | — | −2 |
| Ischgl | 80 | 210 | Good | — | 1 |
| Lienz | 40 | 160 | Fair | — | 0 |
| Mitterndorf | 70 | 170 | Fair | — | 0 |
| Wildschonau | — | 210 | Good | — | −1 |
| **FRANCE** | | | | | |
| Alpe d'Huez | 140 | 450 | Good | Snow | — |
| Chamonix | 90 | 200 | Good | Cloud | — |
| Courchevel | 65 | 218 | Good | Snow | — |
| Le Corbier | 50 | 180 | Hard | Sun | — |
| Les deux Alpes | 60 | 200 | Good | Cloud | — |
| St. Gervais | 90 | 160 | Good | Cloud | — |
| **NORWAY** | | | | | |
| Finse | 120 | 135 | Good | — | −25 |
| Geilo | 130 | 150 | Good | — | −19 |
| Gol | 100 | 175 | Good | — | −22 |
| Lillehammer | 145 | 165 | Good | — | −9 |
| Norefjell | 170 | 190 | Good | — | −4 |
| Oslo | 140 | 170 | Good | — | −9 |

In the above reports, supplied by the Ski Club of Great Britain, L refers to lower slopes and U to upper slopes.

THE JOBS COLUMN

# Unforeseen risk of Race Act · Management consultants

BY MICHAEL DIXON

THE COLUMN returns from illness this week with a perplexing question. It concerns what could be an effect of the Race Relations Act which, having received the Royal Assent in November, will be coming into force sometime after the end of next month.

I have little doubt that news of this effect—which two experts also consider a possibility—will come as a surprise to those who brought the Act into being. After all, they could scarcely have intended to outlaw the use of general educational attainments such as five GCE Ordinary levels, two Advanced levels, or a degree as criteria for selecting people for jobs.

But the Act's creators may have done so, even though reliance on such criteria, without specifying particular subjects, is now so central to employment and educational policies in this country that it is impossible to estimate the ramifications of banning their use.

The threat lies in the part of the Act covering indirect discrimination on the grounds of colour, race, nationality, ethnic or national origins in matters including employment. This seem to imply—in rough terms—that to be lawful a selection requirement stipulated by an employer must fulfil one of two main conditions.

Either it must avoid stacking the odds against any particular racial group, in the sense that the percentage of—say—the West Indian community capable of satisfying the requirement must not be appreciably less than the similarly capable percentage among the rest of the *population*.

Or, if not, the employer stipulating the requirement must be able to show that it is a justifiable criterion irrespective of the colour, race or so on of the person to whom it is applied.

## Challenge

Now let's imagine the case of an employer using five Ordinary levels, two Advanceds, or a degree as a selection requirement, who thereby screens out a member of one of the various immigrant groups among whom such educational attainments are known to be far more sparsely distributed, than they are among the population at large. This would presumably lay the employer open to legal challenge by the rejected applicant, which would go first to an industrial tribunal with right of appeal to a judge and two laymen sitting as an Employment Appeals Tribunal.

The signs are that to refute the challenge the employer would need to show that the requirement was justifiable in terms of the demands of the job concerned.

That would be difficult to do with loosely defined criteria such as five Os, two As or a degree. *And it would be especially* so if the challenger based his case on careful study of the workings of the academic examination system which allow the actual level of exam performance needed to obtain a given grade of award to vary not only from subject to subject, but also from year to year, and even apparently from one examining board or university to another.

So it would seem wise for employers to start thinking hard about the relevance of the educational criteria they use for job selection. It would surely be wise for parents, too, to think hard about the subjects their children are to study for national examinations. Admittedly there can be no certainty about the effects of the Race Relations Act until interpretations have been established by test cases. But it is better to be safe than sorry.

## More in faith

I AM no longer quite so inclined as I was ten years ago to take it for granted that a management consultant, by the nature of the beast, must know best. Which is why, although pleased to see an upsurge in recruitment by the consultancy trade, I did not simply assume it as a sure sign of better times nigh upon us. Instead, I rang up three consultants who are currently in the jobs arena, and asked them what they are up to.

"Well, I'd say it was really topping up our professional staff, or at most a modest expansion," replied Douglas Muirhead, director for the Midlands, North, Scotland and Ireland for PA Management Consultants, whose advertisement for umpteen different kinds of experts appears on the adjacent page.

"It is a fair time now since we decided to keep a lowish profile until we thought things had stabilised; and just to replace the wastage that has occurred over the period. I'd think we would need something like 60 to 80 staff.

"But we haven't decided on any particular numbers. We are testing the market to see what the response is like. And I'm certainly not being too bullish. All I feel is that there are signs of some movement in the economy, and perhaps a slight improvement, not necessarily consistent throughout the country. In Scotland and the north of England, for instance, things seem to be rather better than they seem in the Midlands."

At the smaller end of the consultancy business Nicky Branch, managing director of Binder Hamlyn Fry, which has a turnover of around £550,000 from consulting work plus about £200,000 from printing activities, was reluctant to risk any general forecasts. "All I can be sure of is that we're chock-a-block at the moment, but there has always been a tendency for small to medium consulting firms to have an eccentrically uneven work load.

"Where the big consultancies are concerned, I have a sneaking suspicion—some people would call it cynical—that they may be coming round to thinking that optimism about the U.K. economy is the only resort left. If conditions were to carry on at 1975 and 1976 levels for another year or so, a lot of the consultants who have managed to survive so far would be in dire trouble. Another thing is that some of the overseas work that consultants have looked to, seems to be proving vulnerable. Take Iran, for instance. I'm told people there are rushing around chopping projects back."

## Urgent need

Mr. Branch, by the way, is urgently seeking an administrative executive to be responsible to him for a range of tasks including the provision of accounting and internal administration services and, on occasion, representing Binder Hamlyn Fry in dealings with clients and suppliers. About a dozen staff will report to the newcomer, who will be concerned with the printing as well as the consulting side of the concern. Salary range £6,000 to £9,000 plus profit share. Interested and demonstrably capable candidates should contact Mr. Branch at 76, Shoe Lane, London EC4A 3JB—telephone 01-353 5171.

Ron Vaughan, who is seeking one or two new recruitment consultants for Douglas Llambias Associates which specialises mainly in providing recruiting and selection services to concerns wanting financial staff, also reinforced my impression that consultancies' return to the jobs market is based more on faith than on any certainty of an early general improvement in business conditions here.

"I've a feeling now that the economy has passed the bottom of the curve and is on the way up. But I must admit that I had the same feeling in the autumn," he said. "For us at Llambias, though demand looks to be increasing both here and overseas."

The recruits he is seeking could be either accountants with an interest, though not necessarily previous experience, in recruitment consultancy, or personnel specialists with much experience of selecting financial staff of various kinds.

Preferred age range 25-35. Basic salary to interest people already earning £5,000 to £7,500. Profit share. Inquiries to Mr. Vaughan or to Richard Norman at 410 Strand, London, WC2R ONS. Tel. 01-836-8501.

A NEW job for the old: the Marketing Society which represents about 500 senior marketing people in this country, wants a first rate administrator, probably recently retired, to become its director-general. Though the work is largely administrative, the newcomer will also be dealing with external bodies, including Government, and with the media. Candidates need to be fairly well connected with senior management.

## Negotiable

The rewards and terms of the job are very much open to negotiation to suit the chosen candidate, but the society is not thinking of much by way of salary—something like an honorarium of £3,000, plus expenses.

Inquiries to Vernon East, who is a member of the society's management committee. His address is Vernon East Public Relations Company, 1-10 Connaught Place, Marble Arch, London, W2. Tel. 01-262 121[illegible] extension 393.

# ACCOUNTANCY APPOINTMENTS

## Tax Accountant

c.£6,500

required by London based multinational group, to assist Group Tax Manager with U.K. computations and tax planning, including evaluation of tax implications of investment proposals.

Applicants, aged 24-35, must be qualified accountants and capable of working with minimum supervision.

Salary will be around £6,500 p.a. and benefits include a non-contributory pension scheme and relocation assistance if necessary.

Please write in confidence, with brief details of career to date, stating any companies to whom your letter should not be sent, to:-

J. D. Vine, Account Director,
Lockyer, Bradshaw & Wilson Ltd.
151 Great Portland Street, London W1N 5FB.

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LOCKYER, BRADSHAW & WILSON LIMITED

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The ability to take responsibility and become totally involved in our client's business is essential as is the drive and personality to succeed in a dynamic and financially sophisticated environment.

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E.C.2. AGE 30-40

Well established marine underwriters in the City of London invite applications for a newly-created post as Financial Controller. Within the next 5 years, the successful applicant will be expected to assume sole responsibility for a substantial investment portfolio and the entire accounting function, as successor to the present Financial Partner. This senior appointment will command at the outset a very substantial income, and cannot be filled by someone who does not already have proven commercial and managerial ability, and first-class professional qualifications.

Detailed C.V. to Box A5830, Financial Times, 10, Cannon Street, EC4P 4BY.

## Accounts Controller

c £7,500

Our Client is an internationally known engineering organisation based in the Hertfordshire area, in pleasant rural surroundings. A large proportion of the business is associated with the export markets and the accounts function as a whole operates with very modern control techniques.

The position calls for a qualified Accountant, probably in the 30 years of age range, whose responsibility will include the preparation of annual and monthly financial *accounts, through the supervision and* control of the departments within the Accounts function.

The person appointed will be required to deputise for the Financial Comptroller in his absence.

Conditions of employment are those which would normally apply to a major engineering concern and relocation assistance is available, where appropriate.

Telephone Miss Lynda Bubb, PER,
56 Park Street, Luton, Beds.
Tel: Luton (0582) 417562

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The successful applicant will join the small high-calibre group accounting operation which co-ordinates, monitors and investigates the accounts of the 17 operating divisions. The continued growth of the group provides a number of ad hoc investigations.

*Future prospects* are excellent: internal promotion is an established policy and there are attractive opportunities both in the U.K. and overseas.

Applications are invited from qualified accountants, aged 24-28, who can offer a combination of ambition, enthusiasm and a track record ideally including both professional and commercial experience.

Applications to:— L. T. Williamson B.A.,

*Reginald Welsh & Partners Limited.*
*Accountancy & Executive Recruitment Consultants*
*123/4 Newgate Street, London EC1 Tel: 01-600 8387*

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Phone 01-828 7973

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The City-based tax planning services division of The Financial Techniques Group is holding a series of informal early evening "meet the consultancy team" sessions in London during March. The division, headed by Stanton Marcus, an acknowledged authority on tax planning techniques, operates a "top of the tree" service for leading public and private UK companies, partnerships and individuals.

*These informal sessions will* interest accountants, barristers, solicitors and others suitably qualified, who wish to, or already specialise in tax and who would welcome being able to explore at first hand the *exciting future offered by the division*, including the opportunity to acquire partnership status.

To allow for full discussion, numbers attending each session will be limited. If you would like to receive an invitation, please write in *complete confidence to:*

Geoffrey Shute
Managing Director
The Financial Techniques Group
6 Wardrobe Place, Carter Lane
LONDON EC4V 5HR, giving very brief qualification *and career details in order to ensure that you are offered a date which will be attended by members with a similar background to yourself.*

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Our ideal candidate will preferably (although not necessarily) be a Chartered Accountant with experience in the distributive trade: someone who is capable of meeting the demands of a senior position within a fast-moving organisation.

Aged between 35 and 45, the person appointed will be expected to exercise sound yet imaginative financial management and control embracing financial strategy, cash management, cost control, contract supervision and updating of systems.

Applications, in writing only, giving full personal and career details should be sent marked 'Private and Confidential' to B.A.F. Smith, Managing Director, Kirby and West Limited, Western Boulevard, Leicester LE2 7BS.

KIRBY & WEST

## CHIEF ACCOUNTANT TEHERAN

A major group of companies, based in Iran, and *engaged primarily in the manufacture of leather goods*, needs a Chief Accountant who has had at least five years' experience at senior level since qualifying.

Reporting to the Managing Director, you will be responsible for the management of all financial transactions, for providing effective accounting and costing services for the Company with the help of our computerised system, and for the training and supervision of your own team of staff.

Salary will be of interest to those currently earning around £7000, and the range of benefits includes free apartment, company car, and assistance with educational and medical costs, etc.

Please write with full details of your career to date to:

Ref. No. 101, Grafton House, PO Box 214, London NW3 7DH. For the attention of Mr. A. Cook.

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*Please write, with full details, in confidence:*

The Chairman,
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# GENERAL APPOINTMENTS

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As consultants to British and international management, we at PA have anticipated this changing demand. We've seen and pioneered the move into increasingly sophisticated management techniques and systems. We've recognised the growing contribution that technology can make to management, and invested *in an advanced product research* capability. But above all, we're meeting the growing demand for *integrated* services: for the multi-disciplinary team which can solve a business or organisational problem across functional boundaries.

Problem-solving like this calls for a completely new kind of consultant; men and women who can develop and perfect their own specialisms without ever losing sight of the *broader commercial* objectives; who believe that you can never afford to stop learning and who see *management consultancy* as an opportunity to gain invaluable and broadening career experience.

Here are seven major areas where we are expanding and need more consultants. In every case we are looking for men and women of the highest educational and professional calibre, aged 27-35 and able to show exceptional career progress, *including management* experience.

### PACTEL Computers & Telecommunications

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covering:
— *national and international DP and* business communications projects
— top level strategic planning through design to complete implementation
— projects involving minicomputer implementation, microprocessors, data base installation and communication networks of all types.

You should have at least 5 years DP/Telecommunications experience in industry or commerce with specific involvement in at least one of the areas mentioned above—plus a keen interest in the profitmaking application of new systems and technologies. **Ref: CT/1**

### Computer Systems in Manufacturing

**London · South East · Midlands · North West · Scotland.**
PACS, Planning and Control System, is:
— a comprehensive software package covering production, inventory and cost control
— available on ICL 2903, IBM 360/370, S/3, S/32, Univac 90/30
— supported by extensive marketing, installation and product development activities.

There are opportunities for Systems Engineers and Programmers as well as for Consultants. You should have had *significant* experience in developing and installing manufacturing applications including one or more of *the following: strategic planning of* production or process control systems; implementing at least one major system; shop floor data collection; Bill of Material Processor; programming experience in COBOL/RPG and on-line systems. **Ref: CT/2**

### Product & Market Planning Services

**London.**
Concerned with marketing consultancy *for suppliers of telecommunications and* computers and covering for example:
— market forecasting for ranges of products
— *definition of market requirements for* new products
— marketing strategies and *development of marketing plans.*

You must be a highly experienced telecommunications engineer wishing *to broaden your career structure into* the technical marketing area through consultancy. **Ref: CT/3**

### Engineering

#### Production

**North East · Scotland · North West · Midlands.**
covering for example:
— all services and project control
— optimising the utilisation of resources.

You should be an experienced manager in engineering or general industry with experience of *production, production* services or project control. **Ref: E/1**

#### Offshore Oil **Scotland.**

including:
— a wide range of engineering assignments in the offshore oil industry
— work throughout the UK, in Norway and other overseas locations.

*These are* posts for Consultants and Prospective Consultants, with a degree or professional qualification in a civil, *electrical*, mechanical or other engineering discipline, backed by at least 5 years technical experience, particularly in the process or construction industry.
**Ref: E/2**

#### Engineering **Birmingham.**

This is another opportunity to join as a Prospective Consultant. You will need to be a *well qualified mechanical/electrical* engineer, aged 26-28, with some line management experience and good technical report writing ability. **Ref: E/3**

### Finance and Administration

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*covering for example:*
— design and implementation of management information systems
— development of *financial strategies*
— review of management organisation, financial strength and future potential.

You should be a qualified Accountant (ACA, CA, ACCA or ACMA) with several years industrial experience and sound business acumen.
**Ref: FA/1**

### Marketing

***Scotland* · North West.**
covering for example:
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— MR and market forecasting
— product development and pricing *policy*
— advertising and promotional strategies
— channels of *distribution*

**Ref: M/1**

### General Management

**North West · Midlands · Scotland.**
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— policy re-appraisal and development.

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### Technology and Science

**Patscentre, Cambridge.**
is one of Europe's foremost *organisations for contract research and* development and technological consulting.
*Opportunities exist in the following* areas:

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— feasibility studies on new devices
— generation and development of new *product concepts*
— advanced machine analysis and design
— development and commissioning of new machinery and equipment.

You must have broad-based practical and commercial *experience* together with a creative approach to solving problems in the field of mechanical or electrical engineering. **Ref: TS/1**

#### Electronic Engineering

— *design and development of electronic systems and equipment*
— high-power electronic circuit design
— mini and microcomputer hardware and software development.

You should have considerable expertise in at least one of the above fields plus good general ability. A sound knowledge of assembly language programming techniques would be a considerable advantage. **Ref: TS/2**

#### Production Engineering

— design of equipment or pi oducts for *quantity production*
— design, development and commissioning of new and special *purpose production and process* equipment
— value engineering
— costing
— parts and materials procurement
— production control.

You must have extensive experience and understanding of mechanical and electronics production engineering. Age and academic achievements are *secondary to practical expertise* and proven ability to contribute in a demanding professional environment.
**Ref: TS/3**

### IR and Wage Structuring

**Midlands · North · Scotland.**
covering for example:
— development of the right attitudes within a company and constructive behaviour patterns
— development of modern payment concepts tied in with effective indices of corporate and departmental performance
— contributing to the development of industrial democracy and participation in its broadest sense.

You will need in-depth specialist experience of industrial engineering and industrial relations.
*The essential requirement is an interest* in the human factors of a business, an awareness of the need for employees' *rewards to be identified with the* success of their enterprise, and a determination to achieve results through attitude change. **Ref: IRW/1**

For all of these positions, it will be a distinct advantage if candidates can offer some degree of fluency in a foreign language.
*The remuneration package for* Consultants will be up to £10,000, and for Prospective Consultants up to £7,000. Great emphasis is placed on training, career development and the regular appraisal of performance and potential. Above all, working for one of the world's leading management consultancy groups offers a first rate environment for personal and intellectual development. You will be working on a very wide range of assignments in conjunction with *consultants from many other* disciplines and concept and technique development is as lively *in PA as in any business school.*
*Please write in confidence giving essential career details and quoting the reference number on the envelope to:*
*A. J. Foden, Personnel Manager.*

**PA International**
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874.

PA

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The remuneration package will be highly competitive.

Apply, giving curriculum vitae and present salary, to:
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*Bill Craft, IBM United Kingdom* Limited, 28 The Quadrant, Richmond, Surrey, quoting ref: FT/8282.

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Telephone 01-283 0911. Telex 886140.

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GENERAL APPOINTMENTS ARE CONTINUED ON THE FOLLOWING PAGES

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# GENERAL APPOINTMENTS



## APPOINTMENTS WANTED

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HOME NEWS

# Bill gives Coal Board role in oil industry

BY ROY HODSON

THE GOVERNMENT is backing future production of petroleum and petro-chemicals from Britain's ample coal reserves. Powers contained in the new Coal Industry Bill published yesterday will enable the National Coal Board to expand into activities related to petroleum.

*Meanwhile, the Government is expected to sanction a 15 per cent. rise in coal prices within the next two months—just a year after a similar increase.*

The Department of Energy accepts that coal prices must rise broadly in line with the rate of inflation if the coal industry is to expand production with adequate capitalisation in accordance with the new coal strategy.

*Partnership arrangements are envisaged between the NCB and the British National Oil Corporation so that the two public sector organisations can run coal-into-oil refineries and plants for deriving petro-chemicals from coal.*

The Coal Board is to be given wide powers to involve itself in any activities which may ultimately provide an outlet for coal or products of coal.

Powers are provided in the Bill for the NCB to acquire and refine petroleum, and manufacture and sell petroleum products, if such activities will help provide an outlet for coal.

The new Coal Industry Bill marks the most important step forward for the industry since the ten-year Plan for Coal was rushed out in 1974 following the four-fold rise in oil prices.

*Sweeping new powers for the NCB are contained in it.* The financial position of the industry will be under-pinned with the limit on aggregate borrowing by the Board and subsidiaries being raised from £1.1bn. to £1.8bn. with further amounts becoming available up to a maximum of £2.6bn.

The NCB will also be allowed to set up coalmining operations overseas. Finally, the Energy Secretary is to have powers to *help finance the sale of coal for power station use*, and to make grants towards the cost of stocking coal and coke.

For the first time since vesting day in 1947, the NCB is to be allowed to carry on full-scale coalmining activities overseas. *That new power is expected to be of growing importance to the Board.*

*It will be able to compete with other mining interests, including* subsidiaries of the major oil companies to develop coalfields round the world. Already the NCB is bidding to provide the management skills in association with partners to open up big coking coal deposits in Queensland, Australia.

The Board will have powers to take full responsibility for exploiting such developments. There is a world-wide shortage of coking coal and the NCB is anxious to supplement home supplies with new mining developments overseas.

Two clauses would enable the Energy Secretary to make grants to promote coal sales to the electricity authorities and to help finance coal stocks.

The use of such powers by the Government would have an important impact upon the evolving British energy policy. New *subsidies for coal would alter all* the current calculations about the comparative merits of coal-fired and nuclear power stations.

# Scottish opinion of devolution confused

BY OUR OWN CORRESPONDENT

*CONFUSION reigned yesterday* about the climate of opinion on devolution in Scotland following publication of the second opinion poll this month which appears to show less enthusiasm for the Government's proposals.

Questions in yesterday's poll carried out by Opinion Research Centre, for The Scotsman, showed that 66 per cent. of all voters would vote "Yes" in the proposed referendum and 21 per cent. "No" with a total of 13 per cent. *undecided.*

This follows a System Three poll published in the Glasgow Herald on February 1, which recorded 32 per cent. of all voters as preferring the status quo.

While comparisons cannot be precise because of differences in timing, questions and sample involved in the two polls, the results have been seized upon by the Conservatives as evidence of a growing Scottish backlash against devolution.

## Federal

The polls both show a consistent fifth of the electorate voting for total independence. A 35 per cent. of those polled wanted either no devolution or an Assembly with severely restricted powers.

Significantly 63 per cent. of Tory votes were cast for devolution, which should worry Mr. Teddy Taylor, the Conservatives' anti-devolutionist "shadow" Scottish Secretary. This latter figure contrast with the Glasgow Herald finding that 52 per cent. of Tories would prefer no devolution.

The Scotsman's poll probably gives a more up-to-date picture of Scottish feeling as it was carried out only last week-end and asked people the precise question suggested by the Government for the referendum.

The decision to hold a referendum gained widespread support in the poll and overall 67 per cent. said it was a good idea.

Commenting, The Scotsman said its poll did not substantiate reports that opposition to devolution was hardening in Scotland, and that a very substantial body of Scottish opinion now seemed ready to swallow its reservations about the Government's proposal so as to effect a change.

In a series of detailed questions about the *various options* for devolution which have been suggested the poll showed that *40 per cent. would opt for either* outward independence or a federal system with *Westminster responsible only for* defence, foreign affairs and international economic policy.

## Referendum

● The Scottish Nationalist group in the Commons is pressing for the proposed devolution referendum to have three questions rather than asking the Scots and Welsh only as proposed by the Government if they approve the proposals in the Devolution Bill after it has become law.

The group wants to put the options:

No change in the government system;

Devolution as proposed in the Act; or

An independent Scottish Parliament within the Commonwealth and under the Crown, with full control over all Scottish affairs.

In Wales yesterday a new attempt was made to mobilise Labour opinion against devolution. A group called the Welsh Labour in England against Devolution has now been formed to campaign for a "No" vote in Wales.

Its main sponsors include Mr. Clive Jenkins, general secretary of ASTMS, and Mr. Illtyd Harrington, deputy leader of the Greater London Council.

# Shore aims to assist inner city businesses

By Quentin Guirdham

MR. PETER SHORE yesterday gave as his first objective for the inner cities the improving of their local economies. He stressed that the encouragement of small companies was vital, in service as well as manufacturing industries.

The Environment Secretary stated that regional policy, in the shape of "the prior needs of the assisted areas" had to be accepted by cities in the Midlands and the South. But "in the cases where firms are tied to a region by the nature of their business, then I believe that we need an intra-regional policy which will ensure that a proportion of industrial development takes place within the cities."

It might be necessary to attract back to the cities some skilled key workers and there might be a case for giving unskilled workers an opportunity to move out to places where there were more jobs. A new approach from local authorities would be needed, including changes in land use decisions.

Mr. Shore's speech, to a Save Our Cities conference in Bristol, was his first major policy statement on the subject since he launched his campaign for the inner cities in Manchester five months ago.

He proposed the establishment of partnership arrangements between central government and local authorities, which would continue to hold the main responsibility for inner city programmes. "I would not rule out the possibility if local authorities so wished it, of an agency working with local government, perhaps undertaking specific tasks like industrial development or a major piece of redevelopment."

But the Environment Secretary also stressed that if central government resources could be found for the inner city areas it would have to be "from within the present very tight expenditure totals."

SOCIAL STRESS

Mr. Shore said that his second objective was to improve the social and physical environment of the cities, including housing. His third objective was to relieve immediate social stress.

This stemmed from the fact that within the inner city areas there was a higher proportion of people who faced a multiplicity of social and financial problems or suffered psychological stress, loneliness, or who needed help or the chance to help themselves.

While Mr. Shore's speech will not answer the criticism of those looking for specific remedies to inner urban problems, he committed himself to an approach which included the cities among "the main programmes of central and local government."

Editorial Comment, Page 16

# Interest picks up in machine tool industry aid scheme

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THERE HAS been a considerable increase of interest in the Government's machine tool industry aid scheme. Early response was disappointing.

Projects under consideration or approved involve £17.3m. of Government aid, compared with the £20m. allocated to the scheme, said the Department of Industry last night.

Plessey Numerical Controls disclosed yesterday that it will receive grants of up to £843,000 under the terms of the scheme. This is the biggest individual sum so far announced—the previous highest being the £780,000 for Staveley Industries.

Plessey said the assistance will enable it to accelerate developments based on its microprocessor control—introduced as a new family of numerical control equipment—over the next five years.

Since the beginning of the year the numbers of applications approved or under consideration for the machine tool scheme have risen from 52 to 149. The projects represent a total investment by the companies concerned of £87m.

There seem to be a number of factors involved in the sudden success of a scheme. First, confidence is gradually returning to the industry, as it climbs out of its worst recession.

Secondly, there has been a determined effort since last autumn by Department of Industry officials to sell the scheme. This included a tour of the regions by Lord Brown, a former Minister of State at the department and chairman of its advisory board for the machine tool scheme, specifically to talk to company executives about it.

Finally, companies have revised their forward plans in view of what the scheme has to offer, but this process took some time.

What has particularly pleased the department is that the quality of the projects brought forward has also improved considerably and many more applications have been made—as with the case of Plessey—in respect of new product development.

Of the applications being considered, about £8.2m. of assistance towards investment worth a total £26m. come into the category of "product development" projects.

The machine-tool scheme, launched in August, 1975, was altered a year later to make it more attractive to small companies and to take in two sectors closely connected with machine tools—makers of one-off tooling (jigs, fixtures, press tools and so on) and of assembly machines.

About 50 tooling concerns have made applications involving investment totalling about £7m. since that time.

The final date for applications is December 31, this year for projects to be completed before December, 1979, for product development or August, 1981, for other investment.

# Turriff group and City settle Barbican development dispute

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

TURRIFF CORPORATION, the international building and civil engineering group, has finally settled its longstanding legal dispute with the City of London Corporation over the Barbican development scheme.

A brief statement from Turriff yesterday said that a settlement of all litigation involving phase two of the Barbican flats project had been agreed between itself, together with Conserve Contractors, one of its subsidiaries, and the city corporation.

Mr. P. D. Taylor, company secretary, said that, as a condition of the settlement, no details were now being given.

The dispute with the corporation came to a head in 1971 when Turriff withdrew from the Barbican site after prolonged problems, claiming it was dissatisfied with the corporation's handling of the project.

At that time, the second phase was running nearly four years behind schedule.

Turriff said the corporation had repudiated the contract by failing to respond to the company's request for the remainder of the work to be carried out under stage payments. It claimed that the value of work completed stood at nearly £15m. but that the corporation had only paid £10m. at the time it withdrew.

Within 24 hours, the city corporation announced that it was to commence proceedings against the contractors, claiming that it was Turriff that had breached the contract.

In response, Turriff served writs on the corporation claiming sums due to the company, damages for repudiation of the contract, together with interest. The claims being made by both sides involved more than £7m.

Last year, Turriff told shareholders that the proceedings were likely to continue "for some years" and that provisions in the accounts would continue to be made accordingly.

Turriff also announced yesterday that its second major piece of litigation had now finally been settled. It involves a housing contract for the Sudanese Government and an award of nearly £6.2m. in favour of the group was made in 1970 by the Permanent Court of Arbitration at the Hague.

*This figure, however, was* eventually reduced by mutual agreement to £3.3m. and the company said yesterday that the final payment of this outstanding sum had now been received.

The statement said that the net effect of the two settlements on the group's cash resources was nil. Some old outstanding balances will be cleared in the group's 1976 accounts and the total amount net of tax to be written off as extraordinary items will be between £100,000-£200,000.

# Inland Revenue suggests relaxation in tax rules

BY MICHAEL LAFFERTY, CITY STAFF

A SIGNIFICANT relaxation in the proposed rules for special tax treatment of U.K. employees working abroad is likely to be recommended by the Inland Revenue in a paper which will shortly be submitted to the Chancellor of the Exchequer.

The Revenue accepts the widespread criticism which greeted its original proposal that tax benefits should apply only where an employee had been working abroad for a continuous period of 30 days.

As a result it is now expected to propose an alternative whereby employees would also qualify for special tax treatment if they spend a minimum number of days abroad in any one year.

Mr. Denis Healey, the Chancellor, announced in his December economic package speech that he wanted to improve the tax treatment of U.K. employees working abroad, and he promised to introduce legislation in the next Finance Bill.

He said at the time that he wanted "to encourage those at the sharp end of exporting—the business of selling British goods overseas—as well as those who contribute to our overseas earnings by working for a period overseas, for example in construction projects."

This was followed by the Inland Revenue discussion paper which suggested that a 25 per cent. tax deduction be allowed from overseas earnings if an employee spent a continuous period of 30 days abroad.

It remains to be seen what minimum number of days will be suggested in the Revenue's alternative proposals. While it is likely to be higher than 30, a minimum figure as high as even 100 days may initially be suggested.

# House building output highest since 1973

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

NEW HOUSING output in Britain last year increased over 1975, although the industry's performance this year is likely to be substantially worse.

Figures issued yesterday by the Department of the Environment show that the number of homes on which builders started work last year totalled 326,000, a rise of more than 2,000 on the previous year. The total is the highest recorded since 1973.

Work began on more than 171,000 local authority houses, a more disappointing figure than had been expected. The total compared with 174,000 in the previous 12 months, and this year it is expected to fall to about 145,000.

In the private sector a start was made on almost 155,000 homes, an increase of 5,000 on the preceding 12 months. This year the figure could be as low as 125,000, and some contractors believe it will be even worse.

The DoE says that the total number of homes completed last year reached nearly 315,000, an increase of 3,000 on 1975. In the public house building sector, completions totalled 162,800, a rise of 500 on the previous year. There are some expectations that this figure could rise during the current year, to about 180,000, although the total is likely to fall again in 1978.

Builders completed nearly 152,000 houses for owner-occupation, an increase of about 800 on the year before—the best annual figure in this sector since 1973, when completions totalled nearly 187,000. Private housing completions this year could fall to about 145,000, with another decline in 1978.

The DoE says that house renovation grants for 168,400 homes were approved during 1976, compared with 159,100 in the previous year.

During the same time, it has been provisionally estimated that 47,600 homes were demolished or closed as a result of slum clearance action in England and Wales. Of these, more than 38,000 were demolitions in or adjoining clearance areas. In 1975, the number of homes demolished or closed was 49,100.

An improvement in the house sales market in Scotland has taken estate agents by surprise, according to surveyors. Sales are up by at least 50 per cent. compared with a year ago, the Scottish branch of the Royal Institution of Chartered Surveyors says in a report published to-day.

"The return of confidence is partly attributed to the reduction in lending rates, which should improve building society finances. While there are few signs of mortgages becoming freely available, the waiting list for loans may have shortened," states the report.

# Fluoride libel withdrawn in High Court

THE LEADER of the campaign against fluoridation of water apologised in the High Court yesterday for a suggestion that the authors of a pro-fluoride report might have been bribed by people with a financial interest in the chemical.

Mr. P. Clavell Blount, chairman of the National Anti-Fluoridation Campaign, had submitted the argument against fluoridation to a committee set up by The Royal College of Physicians.

When the committee's report was published a year ago, Mr. Clavell Blount and his supporters distributed a number of severely critical circulars. Mr. Justice Griffiths was told.

Mr. Martin White, for Mr. Clavell Blount, said that, although his client strongly disagreed with the report's findings, he unreservedly withdrew the suggestion, undertook not to repeat it and offered an unqualified apology.

# Lloyds Bank plans branch in Scotland

BY MICHAEL BLANDEN

LLOYDS BANK is joining the move into Scotland by the big London banks with the announcement yesterday that it is to open its first full branch there late this year.

The bank said it had started work on converting premises in Edinburgh—previously owned by the Gateway Building Society—and should complete the work by the end of the year.

The new branch will offer a full range of services for business and personal customers. Mr. John Davis, a deputy chief general manager of Lloyds, said: "We are not merely seeking to develop business in Edinburgh, but also to assist existing customers who have operations elsewhere in Scotland."

The bank expects the development to bring in a useful amount of corporate business. Lloyds has n immediate plans for developing further branches in Scotland.

The news follows the recent announcement by Barclays, which at present has only a representative office in Edinburgh, that it is opening full branches there and in Glasgow and Aberdeen this year.

The first of the big London clearing banks to offer full branch services in Scotland was National Westminster, which opened branches in Edinburgh and Glasgow in late 1975. The Scottish market has until recently been regarded as the preserve of the Scottish banks, which have a system separate from the London clearing operation.

The London banks have relied on relationships with the Scottish banks: Midland owns the whole of Clydesdale Bank, Barclays has a substantial 35 per cent. minority holding in Bank of Scotland and Lloyds is associated with the National and Commercial group.

# Pay towards safety checks—Volkswagen

By Terry Dodsworth

ABOUT 5,000 Volkswagen K70 customers are being asked to put their cars through a safety check which may involve payments of up to £20 for corrective treatment.

Volkswagen GB said yesterday that it felt the request for motorists to pay for labour on any parts replaced was a reasonable one in view of the age of the cars.

The vehicles, with chassis numbers between 481 2 500 001 and 483 2 560 829 were sold between 1971 and 1973, and it has been found that salting on the roads can cause corrosion of the front wheel bearing housings.

If these parts are impaired, steering problems could result.

VW itself is paying for all the replacement parts, which will involve about £100 a car on damaged vehicles.

# U.K. yard wins £8m. order

BY KEVIN DONE, INDUSTRIAL STAFF

APPLEDORE Shipbuilders, the North Devon shipyard, has won an £8m. order from Ellerman City Liners for the construction of two 4,300 dwt container ships.

The first ship is due for delivery in May 1978 and the second in August the same year. Ellerman also has the option to purchase four sister ships, which could also be available as bulk/timber carriers.

Ellerman City Liners will use the two ordered ships on its West Coast U.K./U.K./Mediterranean/Middle East trades. Each ship will carry about 300 containers, including plug-in facilities for 50 refrigerated containers.

The ships will be powered by slow-speed diesel engines instead of the more normal medium-speed geared diesel engines, and Ellerman believes this will bring considerable savings in operational costs.

Following on the Prime Minister's exhortation to British shipowners to place more orders in U.K. yards, Mr. David Lloyd, chairman of Ellerman City Liners, said yesteday: "It has been, and continues to be, Ellerman policy to build, when commercially practible, in the U.K. and we are delighted that this order has gone to a British yard."

In recent weeks Ellerman Lines has placed orders worth nearly £30m. in the U.K. including orders for two ro-ro ships.

*Appledore Shipbuilders* has this week been taken into the net of the new nationalised holding company, National Shipbuilders and Repairers, the interim-state company set up to carry out a marketing operation for the whole of the British shipbuilding industry until the nationalisation Bill is pushed through later this year.

# First finance director named for National Giro

FINANCIAL TIMES REPORTER

NATIONAL GIRO, the banking arm of the Post Office, is to have a finance director for the first time. He is Mr. Don Hughes, 42, a chartered accountant who will take up the post on April 1.

The oPst Office said yesterday that the reason for the expansion of Giro's senior management team was the rapid growth of the business, especially in the corporate sector. A major cam paign is now under way to attract more personal cacounts.

Deposits by major business customers have risen tenfold in under five years and are running at more than £6bn. a year. In the same period, balances have trebled to £200m. and turnover quadrupled to £30bn. a year.

Giro has 500,000 personal accounts and this number is increasing at an average rate of 1,000 a week.

Mr. Hughes is likely to begin his new job without a managing director to report to as there is still no word from the Department of Industry on the appointment of a successor to Mr. Alfred Singer, who resigned last October two years before his contract expired.

Mr. Hughes is now financial controller for the Capital and Counties group.

# Chief of Defence Staff named

Admiral Sir Edward Ashmore, 58, is to become Chief of the Defence Staff for seven months from February 9, but will be succeeded in that post on September 1 by Air Chief Marshal Sir Neil Cameron, 57, currently Chief of the Air Staff.

The successor to Sir Neil Cameron, as Chief of the Air Staff, will be announced soon.

## Ticket warning

The Civil Aviation Authority has advised prospective travellers to East Africa to be cautious about buying tickets issued by the former East African Airways which suspended its operations because of financial problems recently.

## 400 lose jobs

Four hundred workers are to lose their jobs with the closure of James Gibbons, a 300-year-old Wolverhampton architectural ironmongers. The company blames the decision on a dispute with white-collar workers.

## £6m. kiln

Steetley is to spend £6m. on constructing a third rotary kiln at its Thrislington Works, Co. Durham works. The new kiln will increase capacity for the production of calcined dolomite.

## Insurance Bill

The private member's Bill to set up a register of insurance brokers would squeeze out the small man, Mr. Roger Moate, Conservative MP for Faversham, claimed in the Commons yesterday. He pressed for a referendum of insurance brokers to discover if they were in favour of the Bill, but later withdrew this proposal.

# Fifth round of offshore licences

BY RAY DAFTER, ENERGY CORRESPONDENT

THE FIFTH round of offshore exploration and production licences conditionally awarded yesterday is much smaller than the previous allocation of licences.

Of the 71 blocks and part-blocks offered around Britain's shores only 44 have been allocated. The awards involve 65 companies acting individually or in groups.

But the fifth round still contains its fair share of surprises. Perhaps the most noticeable is the absence of one of the stalwart exploration groups, Amoco, which had indicated that it was seeking new exploration concessions. But the company had not managed to reach outline agreement with the Government over the state participation terms.

Mr. Anthony Wedgwood Benn, Energy Secretary, has always said that companies which refused to sign participation terms would face the danger of being left out of the fifth round and Amoco's omission confirms Mr. Benn's resolution.

Another surprise is that the fledgling British National Oil Corporation is to be an operator on four of the blocks. In two cases it will be the operator alongside established countries—British Petroleum on part block 3/24 and Shell U.K. on part block 30/17.

Against expectations, operators—including the BNOC—seem to have dismissed the offered concessions in the Western Approaches. None of the eight blocks put up for offer in quadrants 83 and 84 have been allocated.

As expected, the plum concessions in quadrants 13 and 14 in the Moray Firth area have been spread among the major companies—just enough to keep exploration activity bubbling for the next few years.

It is reckoned in the industry that these blocks contain the most promising prospects of the fifth round and as such companies like Shell, Esso, Texaco, Union Oil, Occidental, Mobil and Chevron have each received a slice of the action. BP has emerged as the major concessionaire with interests in no fewer than 13 of the new blocks.

In a sense, the 27 blocks and part blocks left unallocated provide valuable—if superficial—information about future offshore prospects.

## BLOCKS CONDITIONALLY ALLOCATED

3/10+, 3/24+, 9/9+, 9/15+, 87/6+, 87/7+, 87/9, 132/10, 133/6, 132/15, 133/11—British Petroleum and BNOC.

13/15, 13/27, 30/17+—Shell U.K., Esso Petroleum, BNOC.

14/11, 23/26+, 106/15, 106/20—Texaco North Sea and BNOC.

*86/13, 87/12—BP, Total Oil, Elf Oil, Aquitaine Oil and BNOC.*

14/16, 14/17—Canadian Industrial Gas, Charter Consolidated, Charterhouse Petroleum Development, Home Oil, Tricentrol North Sea, BNOC.

107/16, 107/21, 110/9—Hydrocarbons Great Britain.

9/10, 9/14+—Hamilton Brothers, RTZ Oil and Gas, Blackfriars Oil, Trans-European, BNOC.

20/3—Conoco, Gulf, BNOC.

3/14+—Total, Elf Oil, Aquitaine Oil, Pict Petroleum, BNOC.

13/18—Monsanto, Pacific Petroleums, Gas England, BNOC.

14/13—Chevron, ICI, Murphy, Ocean Exploration, Hispanica de Petroleos, BNOC.

3/9+—British Gas, Amerada Exploration, Texas Eastern, BNOC.

98/22—British Gas.

13/20—General Crude Oil, Newmont Oil International, Dapdin, BNOC.

14/18—Occidental Petroleum, Getty Oil, Allied Chemical, Thomson Scottish Petroleum, BNOC.

20/9—Phillips Petroleum, Fina Exploration, Agip, Century Power and Light, Halkyn District United Mines, Oil Exploration, BNOC.

20/7—British Sun Oil, North Sea Exploration and Research, Clyde Petroleum, Hautpas, Hampton Gold Mining Areas, North Sea Global Energy, BNOC.

13/13—Zapex, Carless Exploration, Gas and Oil Acreage, P. & O. Petroleum, Santop, BNOC.

13/19—Mobil North Sea, BNOC.

13/14—Kerr-McGee Oil, Bow Valley Exploration, Shenandoah Oil Corporation, BNOC.

98/23—Conoco, BNOC.

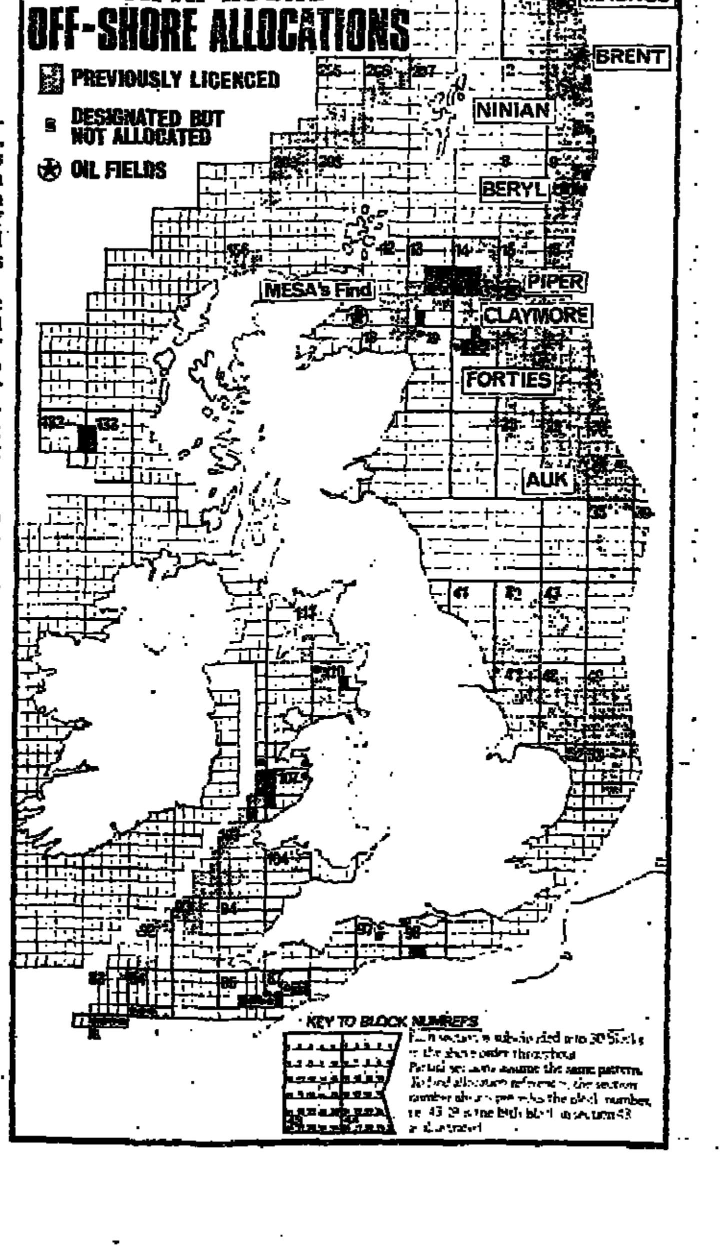
106/29—Arpet Petroleum, BNOC.

14/12—Unionoil Exploration and Production, Skelly Oil Exploration, Deminex Oil and Gas, BNOC.

Fifth Round blocks and part-blocks designated but not allocated:

210/10, 211/6, 3/25+, 19/2, 20/6, 20/8, 23/16+, 30/19+, 97/18+, 98/11.... 87/8, 87/11, 86/14, 86/15, 83/22, 83/23, 83/24, 83/25, 83/27, 84/16, 84/17, 84/18, 106/10, 107/10+, 107/11, 107/15+, 110/1.

FIFTH ROUND OFF-SHORE ALLOCATIONS



HOME NEWS

# No greater cancer risk at Windscale—official report

BY DAVID FISHLOCK, SCIENCE EDITOR

ALLEGATIONS that employees at the Windscale, Cumbria, factory of British Nuclear Fuels were at greater risk from leukaemia and other cancers than the population at large are firmly refuted by statistics published to-day by the Government's public "watchdog" on radiation.

The allegations have been used by opponents of BNFL's plans to build a new plant at Windscale for reprocessing spent nuclear fuel and refining its plutonium by-product.

For none of the seven types of cancer among Windscale employees singled out for analysis by the National Radiological Protection Board is the incidence greater than might be expected in the population at large.

The figures include everyone who works with plutonium at Windscale, and all the cancers most specifically associated with the ingestion of plutonium.

They also include the two highly publicised deaths from cancer early in 1975, even though they fell just outside the 25-year period covered.

Overall, Windscale employees whether employed on radiation work or not—have suffered appreciably fewer deaths from cancer between 1950 and 1974 than has the population generally. Only one employee of the four who have died of leukaemia was employed on plutonium work.

Among male employees exposed to radiation at work, a total of 72 died of cancer, where the expected mortality would have been 96.

Among male employees not exposed to radiation, 89 died of cancer during the same period, where the expected mortality would have been 120.

But Dr. Geoffrey Dolphin, research director of the Board and author of the study, said yesterday that a lower-than-average incidence of cancer was a frequent finding among employees who came under the regular surveillance of medical staff.

Dr. Dolphin acknowledges that his study includes only those who died at work, and not those who have changed jobs or retired, for whom at present there are no continuing records.

A follow-up study by BNFL, begun last month, is intended to provide the missing data, but this is expected to take at least another two years.

But Dr. Dolphin said yesterday that, in spite of the criticism from the Royal Commission on Environmental Protection last autumn that the National Radiological Protection Board had not pressed the company hard enough for the missing data, he does not believe that it will change significantly his statistics on cancer at Windscale.

CANCER DEATHS AT WINDSCALE 1950-74
Death among male radiation workers

| Cause of death | Expected | Observed |
|---|---|---|
| Leukaemia | 2.8 | 4 |
| Myeloma | 0.8 | 3 |
| Lymphosarcoma | 1.5 | 2 |
| Hodgkin's disease | 1.8 | 1 |
| Lung cancer | 31 | 27 |
| Liver cancer (primary) | 1.1 | 0 |
| Bone cancer | 0.6 | 0 |
| All cancers | 96 | 72 |
| All causes | 378 | 302 |

He calculates that about 50 per cent. of the medical information he might have surveyed is missing at present.

But at the very small numbers of deaths from cancers—four from leukaemia, four from myeloma, none from bone cancer—observed at Windscale over the 25 years, a doubling of the numbers would be likely to make little difference to the chances of distinguishing the effects of radiation exposure from cancer due to natural causes.

To be reasonably sure of distinguishing between them, he believed he would need of the order of 1,000 deaths from a given cancer.

*A Comparison of the Observed and Expected Cancers of the Haematopoietic and Lymphatic Systems among Workers at Windscale: A First Report by G. W. Dolphin. National Radiological Protection Board—R54; SO; 50p.*

## Japanese silent over plan for nuclear reprocessing

BY OUR CARLISLE CORRESPONDENT

A DELEGATION of six Japanese industrialists kept silent yesterday after an hour-long meeting with representatives of Cumbria County Council and British Nuclear Fuels in Carlisle over the future of the nuclear waste reprocessing plant planned for Windscale atomic reactor.

A £500m. contract between the two countries depends on the outcome of an inquiry ordered by Mr. Peter Shore, Environment Secretary.

Earlier Cumbria County Council's planning committee held its own inquiry after which the British Nuclear Fuels plans were passed, although the council declined responsibility for the development.

After yesterday's meeting Mr. Peter Naylor, chairman of the county council, said the Japanese visitors did not want to meet the Press.

He said they had travelled to Carlisle to find out what the planning law was, and ascertain the attitude of the council to any future application.

"We saw them," said Mr. Naylor, "because these people are customers concerned with negotiations with one of Cumbria's large industrial concerns, and when customers of one of Cumbria's large industrial concerns want to see the county council it is our job when there are hundreds of thousands of pounds at stake to see them."

## Bedfordshire council supports development of Stansted

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

STRONG SUPPORT for the development of Stansted Airport, Essex, as a major airport for London capable of handling up to 16m. passengers a year is expressed by the Bedfordshire County Council.

This view is contrary to that expressed earlier by neighbouring county councils, notably Essex and Hertfordshire, which have criticised any suggestions of major expansion at Stansted in their submissions to the Government on future airport policy.

Bedfordshire, however, says that it believes Stansted is the obvious place for further substantial growth in passenger traffic.

It suggests that important issues in the whole debate about future airport policy are being played down, and it has decided to seek the support of its five MPs, and to publicise its preference for expansion at Stansted.

The Government intends soon to publish a White Paper on airports policy, and has been soliciting views on how that policy should be shaped. Most responses have been in favour of continued development of existing airports at Heathrow and Gatwick, with limited growth at Luton, and there have been few recommendations in favour of Stansted.

Hertfordshire County Council has expressed concern over the effect of major expansion at Stansted and Luton on the quality of life in the county. Essex regards expansion at Stansted as undesirable because of the need to expand towns and villages round the airport to the detriment of their character and settings.

But Bedfordshire argues that any initial expansion in the London area should take in both Luton and Stansted, as well as Heathrow and Gatwick. Luton, it suggests, could be expanded to take 5m. passengers a year.

The rest of the expansion should take place at the other three airports. Heathrow is expected to take up to 38m. passengers a year by 1985, Gatwick is already planned to rise to 16m. passengers a year and Stansted, the Bedfordshire Council believes, could also go to 16m. a year eventually if necessary.

Bedfordshire's reasons for advocating Stansted include the fact that it is only 35 miles from London, and within two miles of a motorway. The airport could be developed relatively cheaply and quickly to take a considerable amount of additional traffic. Noise nuisance would affect comparatively few people.

Stansted's position in relation to London could mean that employment growth at the airport, and the wider economic benefits of airport development, might help to alleviate the economic problems of parts of East London.

APPOINTMENTS

## Executive changes at Courage

Mr. H. C. Hobhouse, former chairman of both Courage (Western) and Courage (Central), has relinquished the latter post to devote more time to Courage (Western). Mr. C. J. M. Downes, previously chairman of Courage (Eastern), has become chairman of Courage (Central). Mr. P. L. Carnock, formerly production technical director of Courage Ltd. and chairman of Anchor Hotels and Taverns, has relinquished the latter post and has been made a director of COURAGE LTD. and chairman of Courage (Eastern). Mr. G. Tattersall-Walker, a director of John Smith's Tadcaster Brewery and of Anchor Hotels and Taverns, has taken up the appointment of chairman, Anchor Hotels and Taverns.

*

W. GREENWELL AND CO. the London stockbrokers, announce that Mr. A. J. Bonner, who is shortly re-joining their staff, will become a partner on November 17, 1977, together with Mr. K. C. Brown, Mr. J. C. Finch, Mr. S. J. D. Posford, Mr. K. G. Wykes and Mr. R. W. Walker, subject to the consent of the Stock Exchange. Mr. Bonner will be returning after a spell with Commercial Union. The others are promotions.

*

Mr. Arthur L. Starkey has retired as chairman and managing director of UNILEC and has been succeeded as managing director by Mr. Henry Stuart, director in charge of operations at Motherwell.

*

Mr. J. A. Berry has been appointed chairman of LUNE METAL SPINNING COMPANY. He is a director of Aluminium Corporation.

*

Mr. Charles Hawkins has relinquished the chairmanship, but remains on the Board, of GREENGATE INDUSTRIAL POLYMERS, part of the Allied Polymer Group. He is succeeded by Mr. Alan Bird. Mr. John Robinson, former managing director, becomes deputy chairman and Mr. David Johnston managing director.

*

HAMMOND HOLDINGS. Mr. Dominic Murphy who has become managing director of the group, joined Hammond Holdings in May, 1975, as financial controller and was appointed to the Board in January, 1976.

*

Mr. Bryan P. Thomas has been made managing director of EDGAR VAUGHAN AND CO. in succession to Mr. R. Edwards, who remains chairman. Deputy managing director is Mr. John R. Edwards.

*

Mr. John Mason has decided to relinquish the appointment of chief executive of TENNANT TRADING from April 1, while remaining a director of the company and retaining his other appointments within the Group, then cease to exist and, from the same date, Mr. Ronald Clarkson and Mr. Ronald Fuller will become joint managing directors of the company. Mr. John Cunningham and Mr. David Craik have been appointed directors of Tennant Trading.

*

Mr. F. N. M. Rudder, a director of ADVANCE LAUNDRIES, has been appointed deputy chairman. Mr. Rudder is a member of the executive staff of the British Electric Traction Company.

*

Mr. Len Murray, general secretary, TUC, has been appointed by the Government to the Board of Trustees of the ANGLO-GERMAN FOUNDATION FOR THE STUDY OF INDUSTRIAL SOCIETY, in succession to the late Lord Feather. Mr. Murray's appointment for a three-year term is unpaid.

*

Mr. Joseph B. Godber, MP, has been appointed a non-executive director of BRITISH HOME STORES. Mr. Godber is chairman of the Retail Consortium. His other appointments include chairman of Tricentrol and of Sidney C. Banks and non-executive director of Booker McConnell.

*

Mr. W. Hall, deputy chairman and joint managing director of THOS. W. WARD, has retired due to ill health.

*

Mr. Cyril Townsend, a deputy general manager of National Westminster Bank, has been appointed a non-executive director of its subsidiary, LOMBARD NORTH CENTRAL. Mr. Ernest Jones, secretary of Lombard North Central, has been made a director.

*

Mr. T. H. James has been appointed to the Board of WIGHAM POLAND INTERNATIONAL and he joins the Board of WIGHAM POLAND NORTH AMERICA as chief executive.

*

Mr. W. J. R. Govett has been appointed a director of the SCOTTISH EASTERN INVESTMENT TRUST.

*

Mr. W. M. Colville has been appointed financial director and secretary of SGB EXPORT. He has been succeeded as secretary of Scaffolding (Great Britain) by Mr. Bruce Moseley who has also joined the Board of Hardun (Contractors Tools). The companies are subsidiaries of SGB GROUP.

*

Mr. Robert C. Wickenden has been appointed to the Board of RUSTLOCK DEVELOPMENT CORPORATION in place of Sir Richard Bonallack who retired from the Board. Mr. Wickenden was chief executive of Carreras Rothmans and is now chairman of the industries division of Rothmans International.

*

Mr. J. N. Chilcott has been appointed head of planning and marketing in the business development division of NATIONAL WESTMINSTER BANK. He will succeed Mr. P. H. Spencer, who becomes regional executive director of the bank's South-East Region on the retirement of Mr. E. W. Read at the end of June.

*

Mr. Stuart May is to join RANK HOTELS as assistant managing director in April from the Birmingham Metropole Hotel, which he opened as general manager.

*

Mr. David Windrow, Mr. Paul A. Cohen, Mr. Ronald Geesey, Mr. Roger Baum and Mr. Peter C. Munson have joined the Board of CITIBANK FINANCIAL TRUST.

*

Mr. A. T. Slator has been appointed director of personnel and training of the BRITISH AIRCRAFT CORPORATION in place of Mr. E. G. Barber, who has retired.

# Gulf plans to spend £400m. in North Sea development

BY RAY DAFTER, ENERGY CORRESPONDENT

GULF is planning to spend almost £400m. on exploration and development in currently-held North Sea oil licences.

The U.S. group forecasts that this level of spending in U.K. waters over the period up to about 1980 is likely to increase considerably by exploration on future licences and the development of further discoveries.

According to a new information brochure Gulf intends to spend over $500m. (about £293m.) on developing fields in which it has varying stakes. The group has a 12 per cent. interest in the Dunlin Field, for instance. Its other concessions include 1.16 per cent. in Thistle, 3.7 per cent. in Stafford, 16.67 per cent. in Hutton and a 25 per cent. interest in the new Murchison Field which is about to be developed.

Gulf estimates that its take from Dunlin, Murchison, Statfjord and Thistle alone will be about 70,000 barrels a day. The four fields are expected to yield a total of about 1m. barrels a day.

In addition to the earmarked development expenditure, Gulf expects to spend a total of $156m. on exploration. By the end of last year the group had spent about $112m. on exploration in the U.K. sector of the North Sea and some $65m. on development.

Gulf was one of the earliest explorers for oil and gas in British waters. Its first exploration well was drilled in 1963. During the 1950s the company also took part in a number of onshore exploration wells.

## U.K. Vauxhall parts for Belgian Cavalier

BY TERRY DODSWORTH

MAJOR British-made Vauxhall components are for the first time being fitted to the Cavalier model in a move which emphasises the growing integration of the General Motors' European production.

The Cavalier is made in Belgium from parts supplied by Opel, Vauxhall's associate company in Germany which is also owned by General Motors.

The new parts now being used in the Cavalier range are the 1,256cc Vauxhall engine and gearbox, which also powers versions of the Viva and Chevette.

To begin with, there will not be a large-scale flow of these parts into the new Cavalier, which is only being marketed in Benelux, but eventually this version of the car will be launched in Britain as well.

Although Vauxhall already exports a considerable amount of body pressings to Opel, this new order for engines is a significant boost to its efforts to balance the flow of components and cars which it is taking from the Continent.

Last year it brought in almost 30,000 Cavaliers from Opel's Antwerp plant, and it has also imported parts for the Chevette.

Part of the reasoning behind the introduction of the 1,256cc engine is its growing reputation for economy. Based on a unit which first emerged with the new Viva in 1963, the engine has been intensively developed in recent years to improve its fuel economy.

## Immigrants' dependants charter examined

A VOLUNTARY scheme to register the dependants of settled immigrants in Britain would not work, a Parliamentary group set up by Mr. Roy Jenkins, former Home Secretary, said yesterday.

The only scheme with a degree of usefulness would be a compulsory register with a time limit for registration and withdrawal of entitlement to settle as a sanction for failing to register.

Such a scheme, however, would be open to objections which Government and Parliament would have to consider. It would probably cost several million pounds.

A register should not be a substitute or the present system where an immigrant had to apply for an entry certificate, the group said.

The group, consisting of Lord Franks as chairman, Mr. Sydney Irving, a Labour MP, and Mr. Mark Carlisle, Tory MP, said it was not asked to make recommendations, but to examine. Many issues were complex and there were controversial political questions outside its terms of reference.

The Parliamentary debate which led to the group's appointment reflected anxieties about the future levels of immigration from the New Commonwealth and Pakistan, the report said.

The group did not regard as feasible the proposition that a register could establish entitlement to settle in Britain. It did not feel that any Government would accept that argument.

A voluntary registration scheme carried such uncertainty about accuracy as to be of little use. It would excite controversy without providing an informed basis for discussion.

The advantage of a compulsory scheme was that it would provide a reasonably accurate picture of future commitment at the time it was being compiled.

If such a scheme was adopted, it should include a right to independent appeal against refusals to settle on grounds of failure to register, but also to have criminal penalties for intentionally providing false information.

A voluntary register would cost about £200,000 in the first year and more than £50,000 in each subsequent year. A compulsory register of reference would cost several million pounds.

*Home Office—A Register of Dependants, report of the Parliamentary group on the feasibility and usefulness of a register of dependants HMSO. Price 60p.*

## Business group calls for better tax deals

BY IAN HARGREAVES, INDUSTRIAL STAFF

A TAX-FREE investment reserve and a better tax deal for partnerships and sole traders have been called for by the Association of Independent Businesses.

The association has told Mr. Denis Healey, the Chancellor of the Exchequer, in a pre-Budget submission, that current fiscal legislation is a major cause of the decline in the number of small businesses in this country.

The Association argues for a new investment reserve provision, which would allow companies and individuals to set aside 20 per cent. of profits each year (minimum £500) in a reserve to be treated as an allowable expense in computing profits.

This reserve would have to be used within 12 years to finance new assets, or the special tax allowance would be lost and 50 per cent. of the reserve would have to be deposited in a blocked bank account.

It wants the Chancellor to rule that such people should be taxed only on the amount withdrawn from the business. Any profits retained for expansion should be taxed only on their ultimate withdrawal from the business.

Other ideas contained in the submission are:

● Close companies should be allowed to pay at 10 per cent. below the current rate of corporation tax, and forgo the right to impute tax on dividends paid.

● Companies with a turnover of less than £10,000 a year should be exempt from Value Added Tax.

● All tax reliefs should be indexed to the cost of living.

## Thatcher date with sailors

MRS. MARGARET THATCHER, the Opposition leader, is to visit Portsmouth Naval Base tomorrow.

She will meet management and union officials, in the dockyard, and go aboard HMS Blake, the helicopter carrier now in refit. Later she will visit the guided missile destroyer Antrim.

## Alderney passes Bill to control insurance

BY OUR OWN CORRESPONDENT

A FURTHER move in the protection of the public from unsound insurance businesses in the Channel Islands was taken yesterday when the States of Alderney approved a projet de loi, submitted to it for ratification by the Bailiff of Guernsey, to regulate or prohibit the setting up and operation of insurance business in the island by individuals, unincorporated bodies and partnerships.

The Bill, the Protection of Depositors, Companies and Prevention of Fraud (Amendment) (Bailiwick of Guernsey) Law, 1977, brings Alderney into line with Guernsey and establishes identical controls over insurance business in both islands. Previous controls in Alderney had related only to limited companies.

The new legislation, which must be approved by the Privy Council and registered in the Court of Alderney follows the considerable expansion of insurance business in the Bailiwick of Guernsey during the past decade.

LABOUR NEWS

# Wages policy criticised by public employees' union

BY CHRISTIAN TYLER, LABOUR STAFF

EVIDENCE OF a serious revolt among low-paid workers against wage restraint and the social contract as a whole comes to-day with publication of resolutions for the annual conference of the National Union of Public Employees.

Of 44 resolutions from NUPE branches concerning the social contract, all but a handful are highly critical of the Government's response to voluntary wage restraint. There are demands for a basic minimum wage of up to £60 a week, compared with the current £30 basic minimum plus £8.50 supplements under the two phases of pay restraint.

The low-paid, including most of NUPE's claimed 632,000 members in local government and the hospitals, have done better than anybody under the last two incomes policies. Yet many of them appear to feel that unrestricted collective bargaining is now preferable even though public authorities' squeezed budgets could mean facing a choice between big pay rises and more unemployment after July.

A number of branches are calling for all-at-once consolidation of the £6 and 5 per cent. earnings supplements. If conceded that would mean a sizeable pay rise for the many council and hospital manual workers who work shifts and receive bonus payments.

The miners' successful pursuit of early retirement appears to have stimulated a record number of demands for retirement age to be brought down to 60.

Anger about the public expenditure cuts will get an airing before NUPE's conference, to be held in Brighton on May 22-24.

Eight public sector unions including NUPE are likely to attend a special conference called for March 22 in Central Hall, Westminster, when public expenditure and the "social wage" will be discussed, possibly with contributions from Labour academics.

To avoid the impression that this conference is a rival forum to any TUC conference that is called on pay policy, the delegates—a maximum 200 from each union—may not be allowed to vote at the end of the day. The conference has been officially backed by the biggest public sector union, the National and Local Government Officers Association.

NALGO itself, at a special conference last month, came close to voting against any further pay restraint, and decided to call a national overtime ban from April 1 in protest against the cuts.

## Staff cuts 'will boost smuggling'

By David Churchill, Labour Staff

A SUBSTANTIAL increase in evasion of value added tax as well as more smuggling into Britain of dangerous drugs and pornography was forecast yesterday by a Civil Service union as a result of manpower cuts in the customs and excise.

The Society of Civil and Public Servants, which represents middle management in the Civil Service, describes the proposed 7 per cent. cut in customs staff responsible for preventing smuggling as "irresponsible."

And it suggested that the Government's failure to recruit sufficient staff for VAT collection meant that between £70m. and £100m. was being lost through tax evasion.

An unpublished working party report in the Department also estimated that about half of all traders were not passing on the correct amount of VAT to the customs.

Mr. Leslie Christie, the society's group secretary for customs members, said in London yesterday that the "avoidable implication" of the staff cuts was that the Government was prepared to see more smuggling go undetected.

"The effect will be to make it easier to bring in heroin for more illegal export of currency, and to make it easier for potentialy rabid animals to enter the country."

Mr. Christie also warned that growing frustration among customs staff could lead to some form of industrial action.

## Class conflict 'deters working for promotion'

THE CHANCE for workers to get to the top is being ignored while all emphasis is on participation and job satisfaction, according to Professor Andrew Sykes, Professor of Sociology at the University of Strathclyde, in a report published by Aims for Freedom and Enterprise to-day.

*Industry: A Career open to the Talents, by Andrew Sykes. Aims for Freedom and Enterprise, 5, Plough Place, Fetter Lane, London, E.C.4. 25p.*

## Civil Service jobs moving

MR. CHARLES MORRIS, Minister of State, Civil Service Department, made it clear to the Scottish group of Labour MPs yesterday that the dispersal of Civil Service jobs to Scotland is going ahead.

He said the Government was fully aware of the economic and social benefits which this would bring to the West of Scotland.

## Job-plan response called disappointing

BY DAVID CHURCHILL, LABOUR STAFF

THE FAILURE of private sector industry to take part in the government's job creation programme, which provides short-term jobs for unemployed young people, was described as "disappointing" last night by the Manpower Services Commission.

New statistics prepared by the commission, given to the social services and employment sub-committee of the Commons expenditure committee, show that only 4 per cent. of job projects in the past three months were in private industry. Nearly threequarters of the jobs created by the programme were in the public sector or initiated by charities.

Although the 4 per cent. of jobs in industry was up from 2 per cent. in the first year of the programme, the commission admitted that "the response from the private sector has been disappointing."

The main reason for this, said the commission, in its evidence, was that "most employers have found it difficult to find projects which adhere to the criteria of having community benefit and which would not yield a profit."

Moreover, the favourable response from the public sector was due to large organisations such as local authorities having the administrative capability to put projects together quickly. And public sector bodies were also an easy group with which to make contact and put over the concept of the programme.

Consequently, the commission intends to change the criteria slightly "in order to give more encouragement to firms to come forward with ideas."

## Post Office democracy plan attacked by users

BY OUR LABOUR STAFF

THE PLAN for industrial democracy in the Post Office fell short of what was required to provide adequate representation of user interests, the Post Office Users National Council said yesterday.

The council yesterday discussed an agreement between the Post Office and its unions that the Board should be expanded to 17 seats: six for executive directors, six for worker directors, four independents, and an independent chairman.

The council said it supported the idea of worker participation but "control of the service should provide for effective representation of the user at the policy-making level."

Shared power by worker directors would lead to industrial trouble and conflict in the Boardroom, says the Industrial Participation Association in a comment on the Bullock Report on industrial democracy. Mr. D. Wallace Bell, director of the association, sees the report as introducing "a new source of conflict into the debate" and providing no basis for good legislation.

The Government should ensure that any legislation reflected consensus, not conflict, says the association. "The 50-50 principle, even if there are some independents added, is an important structure calculated to engender confrontation, and bring a power-sharing conflict into the Boardroom."

Companies should work towards "agreed patterns of participation."

## East London post strike prompts legal moves

BY OUR LABOUR STAFF

COMPANIES affected by the ten-day-old unofficial strike by postal workers in East London are being advised to put evidence before magistrates with a view to taking criminal proceedings against the strikers under the Post Office Act.

The advice is being given by the National Association for Freedom, the pressure group which is consulting lawyers and may itself take legal action.

Mr. John Gouriet, administrative director of NAFF, said yesterday the association had had about a dozen requests for help. He said the situation was different from that in which NAFF moved against the Union of Post Office Workers to prevent a boycott of South African mail, in that in this case the union was not involved since the strike was unofficial.

The strike, over P.O. plans to recruit staff and reallocate work at the Eastern District sorting office in the Whitechapel Road, has caused a backlog of about 4m. letters.

BRITISH LEYLAND

## Redundancy the key issue in new car industry dispute

BY ALAN PIKE, LABOUR STAFF

MORE THAN 8,000 car workers were idle last night because of what must appear, to the outsider, to be one of the most perverse and inexplicable of recent disputes in the motor industry.

At a time when unemployment is a real problem, even in the traditionally job-rich West Midlands, 32 workers at British Leyland's Castle Bromwich body plant in Birmingham are, with the support of their workmates and union, demanding that the company make them redundant.

The 32 worked in the Castle Bromwich paint shop, spraying Mini bodies which were then transported to Longbridge for assembly. Mini painting operations are now being transferred to Longbridge, and the Castle Bromwich paint shop is being temporarily closed for rebuilding, but says Leyland, displaced workers were offered new jobs "of equal pay and status" elsewhere in the factory.

About 60 workers originally refused to move and imposed a ban on taking new jobs which lasted for six weeks. Half were eventually persuaded to change their minds and Leyland then sent letters of dismissal to the 32 who were still insisting on redundancy. This provoked a strike by another 1,300 production workers on Monday which has already halted output of Jaguars and Minis and is threatening Rover.

Leyland takes the view that there must be some flexibility in staffing a car factory and argues that if jobs are available elsewhere in the plant there can be no question of redundancy. The company is recruiting at factories, including Castle Bromwich at present, and it would be possible for men made redundant to re-apply for work at the same plant. Leyland is prepared to consider applications from ex-employees only a month after they resign.

For the Castle Bromwich workers and Transport and General Workers Union shop stewards, however, the redundancy claim is a test case for forthcoming widespread re-organisation in Leyland's Midlands factories. Several hundred men will be redeployed under the reorganisation at Castle Bromwich and much greater numbers will be affected when car production is halted at the Triumph factory in Canley, Coventry.

Although Leyland is proposing to train men at Canley for new skills or transfer them to other factories such as Castle Bromwich or Rover at Solihull, there is little doubt that if the paint shop workers win their fight many Canley men will regard redundancy as a more attractive option.

There have been previous occasions when car workers have shown that they are, if offered redundancy, prepared to leave and take a chance on finding new jobs. Chrysler management was surprised by the number of employees who volunteered for redundancy when the staff was reduced after the Government rescue operation early last year. The number of volunteers at Linwood, Renfrewshire—an area of particularly high unemployment—was nearly 700 more than the 1,500 jobs which the company wanted to cut.

● Slight hopes were raised last night of possible moves to break the deadlock in the bitter seven-week-long strike at the Massey Ferguson tractor plant in Coventry.

The dispute, which has already cost nearly £50m. in lost output, has been placed on the agenda for next Monday's meeting of the Massey Ferguson national joint council—the top-tier negotiating body.

# The Marketing Scene

## Longmans second go

By Antony Thorncroft

DICTIONARIES are big business. Over 80 per cent. of homes have one and 10 per cent. of the population claim to buy a new dictionary each year, making it a £2m. market. In addition, there are overseas sales, with even more potential. So Longmans is prepared to spend lavishly, by publishing standards, to establish its new Longman Modern English Dictionary as a worthy competitor to the Oxford University Press range, which notch up sales together of 500,000 annually.

Longmans first published a dictionary in 1968, the Longman English Larousse, which employed the French company's lexicographical skills, and Longmans production and marketing knowledge. The advance order of 80,000 was encouraging but subsequent sales disappointing. However, last year the company decided to try again, this time using a more scientific marketing approach.

It employed Gallup to undertake what must be the first market research into dictionaries. This showed that the Larousse name deterred British buyers; the jacket suggested a cookery book; the type size was too small; the use of pictures reduced confidence; and the inclusion of the word encyclopaedia in the Larousse dictionary title was also a deterrent. As a result the new edition has been transformed, with a new name, no pictures, bigger type—and the backing of a £80,000 advertising campaign.

The initial results have been reassuring. Since November 3,500 copies have been sold world wide, and the 1977 target of another 30,000. Commercial radio has been used successfully, as well as tube cards and Press advertising. The aim is to inspire confidence in the Longmans name because the research strongly suggested that Oxford has the prestige product through reputation: consumers were not impressed with sample pages from that dictionary.

Longmans is making a big investment in dictionaries. It is buying additional research, and planning to invest more in advertising. It has put all its words, and their definitions, on to the computer and is examining the market for a range of dictionaries—the sportsman's, the speller's, a common word dictionary, where it would be easy to fit the entries from the word bank.

It has also done a deal with Merriam, the leading dictionary house in the U.S. and publishers of Websters, which involves Longmans in marketing the Merriam range outside North America. There is also the potential in selling the new dictionary to schools since educational sales are currently the corner-stone of Longmans publishing.

It claims, for example, the best selling writer in the English language — Louis Alexander, whose series of books teaching English to foreigners sold an extraordinary 3.8m. copies last year. All those beginners will presumably one day need an English dictionary, and Longmans hopes that just a few will buy its own.

BEECHAMS is another company to rationalise on agencies—but goes Davidson Pearce Berry and Spottiswoode, and the national launch of Bittersweet low calorie canned carbonate is given to Doyle Dane, an entrenched Beechams agency. DDB will also test market Squeeze concentrated orange drink.

## A la carte Gillette

IN A move of some significance Gillette has switched a major brand, Right Guard, one of the leaders in the highly competitive deodorant market, out of a big agency, OBM, and entrusted it to an independent media company, Chris Ingram Associates, on a one-year experimental basis.

Right Guard spends around £400,000 on advertising in a year and is one of the fast-moving consumer products that have until now been handled exclusively by agencies. The aim is to buy creative work on an ad hoc basis. The new approach will be watched with great interest, and is a measure of the success of the independent media buyers in selling their philosophy to advertisers.

In the last two months CIA has added £1.5m. in billing, including accounts like BMW, Lentheric Morny's Just Musk, Marks and Spencer's Gift Vouchers, and Wings Tour Operators.

Also this week Gillette announced that it was backing its GII razor with over £1m. of TV advertising, a record for a U.K. shaving product. Tommy Docherty and Manchester United players will be used in the campaign, which aims to push up the GII's market share from 24 per cent. of all blades sold to a leading 30 per cent.

A.T.

COMPUTERS IN SHOPS

## Bars at checkouts

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE IDEA of British supermarkets having computers at the checkout which automatically "read" the price of goods sold and provide accurate information about inventory levels and sales seemed in danger of losing its novelty before it ever became a practical reality.

But in the last fortnight two things have happened which could mean that some of the big supermarket groups will use these computer assisted checkouts within the next five years on something more than an experimental basis. Last Thursday, the European article numbering association formally adopted a memorandum for the setting up of a system of article numbering throughout Europe and Scandinavia.

This means that, in theory, the doors are now open for the introduction of a system of marking products with a code which could be read at computer assisted checkouts throughout Europe and America. (The 13 digit bar code adopted by the Europeans is compatible with the 12 digit code already printed on the labels of many products sold in America). Once the scanner at the checkout had read the code, the store's own mini-computer could translate this information about the product into the price at which the product was being sold in the shop.

Meanwhile, in London, plans have been announced to set up a British article numbering bank which will co-ordinate the allocation and use of computer numbers for U.K. grocery manufacturers. The bank will start allocating numbers on April 1 and it is hoped that manufacturers will start using them on their products as they change labels.

As labels usually have a life-span of only around two years, this suggests that many big-selling grocery products could be carrying the bar code by 1979. The Article Number Association reckons there is no commercial advantage in a supermarket installing a computer assisted checkout until around 70 per cent. of the products sold are carrying the symbol so there is unlikely to be any big move towards buying the front end equipment until about 1980.

Assuming that the retailers' early experiments prove successful, it will probably take at least another two years to instal them on a large scale as, if the new system catches on, there could be delays in getting the equipment.

Given the pressure on both manufacturer and retail profits, it is perhaps not surprising there has been no rush into this technology. The first move has to come from the manufacturers and they have tended to regard the new system as involving more on-costs than advantages. But the ANA has the support of such big names as Beechams, Heinz and Nestle, and the Association argues that as labels are periodically changed anyway, the additional costs are minimal—particularly in view of the benefits in terms of information about sales that computerisation will bring.

Unlike in the U.S., where the prime benefit was seen in terms of staff savings, the British supporters of article numbering tend to put the stress on its capacity to provide an accurate and up-to-date picture of exactly what is being sold. Though this stress may be partly for the benefit of the unions, the gains in terms of additional information could be considerable.

Not only does the system have the capacity to speed up transactions at the checkout and minimise errors by automatically translating the bar code into the retail price, but it could also transmit information on sales direct from the checkout to the in-store computer and so on to the group's central computer. This information could then be relayed overnight to the manufacturer. Communications between retailers and suppliers, which now take over a week could be done daily.

Even so, the ANA admits there is not the same impetus for manufacturers to put bar codes on their products as there was in the States. There, the industry was having to re-design its labels to conform with new packaging regulations, and manufacturers took the view that if they are going to have to change their labels anyway, then they might as well include the new bar codes.

But even in America, things do not happen overnight. The consumer lobby blocked any idea of savings which might result from not having to individually price mark goods when the scanners were in operation. The great majority of fast-moving grocery goods now carry the bar code but only 122 supermarkets are using computer-assisted checkouts.

## Selling a town

By Antony Thorncroft

THERE are still people who believe in marketing. Thamesdown, better known as Swindon, is advertising for a marketing manager to help it dispose of 200 acres of industrial development land. The successful applicant will really be engaged in bringing factories and jobs to Swindon.

This is an unusual enough move for a local authority. What makes it more intriguing is that, on top of a £9,000-plus salary, will go performance bonuses as a reward for results, just like in most other selling jobs. But unlike them, Swindon is only offering a three-year (renewable) contract, another innovation in the bureaucratic local government world.

Swindon is really looking for a marketing expert who can devise and implement his own sales strategy. Of course there might be limitations on the budget available: employing a marketing supremo is the easy bit—coping with his department, and his proposed expenditure, is another matter.

This is probably the first time that local government has specifically recruited a marketing manager but there have been numerous flirtations with marketing, particularly by the new towns. Peterlee hired the Creative Business which for a total expenditure of £12,000 gave it a slogan "Peterlee is the Place to Be," and lots of publicity.

The town has since built on the idea under its own steam, and reckons that, at the very least, the advertising on London buses and the like, has put Peterlee on the short list when companies plan to decentralise. Northampton is another corporation which believes in marketing its charms, but so far the belief of the early '70s that, in the increasingly corporate state, Government-sponsored bodies and local authorities would replace soapmakers as the big advertising accounts, has proved exaggerated.

## Pubs go young

THE dominance of the younger drinker in the pub trade is well revealed in the latest research from Wyman Harris, the Cheltenham based company which specialises in finding out what happens in pubs. Between 1975 and 1976 the under 25s increased their share of pub turnover from 21 to 26 per cent. During the same period the over-45s' contribution declined from 39 per cent. to 35.

This change in purchasing power acounts for the profusion of juke boxes and pop groups in bars, but the trend can be carried too far. Wyman Harris reports that while bars which please all age groups do two and a half times the sales of bars where older people dominate, they also perform better than those which get only young people. These have a turnover two thirds of the ideal, which suggests that the bias is still towards youth.

Young people, however, have a very different drinking pattern. The under 25s quite naturally consume 49 per cent. of the colas sold in pubs, but also 38 per cent. of the lager and 33 per cent. of the vodka. They are poor performers on gin, 15 per cent., and even more so whisky which has only a 8 per cent. franchise. Rather strangely ginger ale is also just 8 per cent. bought by under-25s. The drinks trade must wonder whether to-day's youth will continue with their current favourites or gradually change to the traditional spirits.

A.T.

THE 1976 BIG SPENDERS

## Boots top advertiser

BY DON BECKETT, THE MEDIA BUSINESS

A year ago I took a look at MEAL's newly-produced analysis of the top advertised brands of 1975. Pre-eminent were the retailers. The Government's Energy Crisis Campaign topped the list, but it was followed by nine consecutive retailers: Boots, Co-op Local Branches, Woolworths National, Brentford Nylons, Co-op National, C and A Press, Fine Fare, Allied Carpets and Currys.

MEAL is in the process of publishing a similar analysis for 1976. Again the top ten places are dominated by retail advertisers: again they account for nine out of the ten top spots. So what's changed? Well, to begin with not one brand occupied the same position in 1976 as in 1975, and three brands lost their Top Ten placing: COI Energy Crisis, Brentford Nylons and Fine Fare. Their places were taken by the Leyland Car Range, Williams Furniture Stores, and MFI.

This is not the place to enter into a debate about what is a brand in this context of advertising expenditure, but clearly several alternative definitions are feasible. Some people would omit the retailers altogether. Some would aggregate the totals for each sub-brand within a product range, as for example with Co-op Local and Co-op National; or Guinness Bottled and Guinness Draught: or even Dulux Silthane Silk, Dulux Vinyl Silk, Dulux Gloss, Dulux Paint, and Dulux Vinyl Gloss, which are all booked, and therefore regarded by MEAL, as individual brands.

We must remember too what kind of advertising expenditures MEAL is measuring in its reports. The figures relate to press and television only, and expenditure on other media (posters, radio, cinema) is not included. Similarly it is card rate expenditure and not actual expenditure which is the raw material of the reports. Nevertheless the MEAL figures are extremely valuable. They indicate clear orders of magnitude between brands, and also provide illuminating trends over time.

**TOP TEN ADVERTISING BRANDS IN 1976**

(Press and Television)

| INCLUDING RETAILERS | £m. | EXCLUDING RETAILERS | £m. |
|---|---|---|---|
| Boots | 4.26 | BLMC Car Range | 2.34 |
| Co-Op Local Branches | 4.03 | Rothmans King Size | 1.90 |
| Woolworths National | 2.97 | B & H Special King Size | 1.90 |
| Co-Op National | 2.81 | K Tel Records | 1.83 |
| BLMC Car Range | 2.34 | British Airways | 1.62 |
| Williams Furniture Store | 2.19 | Guinness Bottled | 1.59 |
| Currys | 2.10 | Players King Size | 1.53 |
| Allied Carpets | 2.07 | NDC Milk | 1.48 |
| MFI | 2.03 | COI Energy Crisis | 1.41 |
| C & A (Press) | 2.02 | Skol Draught Lager | 1.40 |

Source: MEAL

The table provides two Top Ten rankings, the first including the retailers and the second with the retailers excluded. I would have liked to add a third table showing each of the sub-brands aggregated into one, but this would have required full details for well over 1,200 brands, as well as an interminable series of debates with almost as many advertisers regarding which of their brands logically linked together and which did not. Are Double Diamond Canned and Double Diamond Draught, for instance, two different brands or merely two alternative expressions of the same brand? Should K Shoes for children, for women, and for men be treated as three separate brands or one? Are the C & A Press and the C & A television campaigns really for separate brands, as shown by the MEAL analysis, or are they separated in this way merely because this major advertiser books its Press direct and uses a conventional agency to book its TV?

Looking now at the first of the two tables we see that all ten brands exceeded the £2m. level, and actually averaged just under £2.7m. In 1975 only half of the Top Ten exceeded £2m. and the average was around £2.3m. But it's not just the Top Ten who are spending more. The 1975 total of 30 "millionaire" brands (that is spending £1m. or more on Press/TV combined) rose to 50 in 1976.

Even though retailers dominate the first ten places of our Brand Advertising League Table, it is the manufacturers' brands (and services) which take eight of the next ten places. So looking at the Top Twenty the overall share is Retailers 11 places and Manufacturers nine, a much more evenly balanced situation than is apparent from just looking at the Top Ten.

Moving on to the second table we can see that the battle for supremacy in the King Size Cigarette market has brought Rothmans, Benson and Hedges and Players all near the top of the list. Rothmans is a real chart-buster, because from a ranking of 160 in 1975 it has zoomed up to No. 2, through increasing its spending from just under £500,000 to almost £2m. Other brands in this upper echelon include three drinks, an airline, a record company, and a government campaign, but right at the top is the Leyland Car Range which also jumped a long way from its 1975 35th position.

If we look further down the list of the Top Twenty (excluding Retailers) we find some of the longest-established brand names: Stork (Unilever's top brand), Schweppes Tonic Water (Cadbury-Schweppes' front runner) Kellogs Corn Flakes, Heinz Soups and Kodak Cameras. Making up the remainder of places 11-20 (and all spending over £1m.) are two heating services (Solid Fuel and Electricity), Warwick Records, The Sun, and National Westminster Bank.

## Banks get together

J. WALTER THOMPSON has been chosen to prepare the advertising campaign by the leading banks which they hope will better inform the public on the activities of banks, and also help fend off the threat of nationalisation. It will be the first joint advertising by the banks since the "bank manager in the cupboard" campaign of the late 1960s.

The budget has yet to be finalised but with all the Big Four, plus Williams and Glyn's, contributing it could easily top a £1m. The advertising should appear before the end of the year, and JWT won the business against six other agencies, with McCann-Erickson and OBM on the short-list.

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026

THURSDAY, FEBRUARY 10, 1977

# Not much for inner cities

THE GOVERNMENT'S new approach to the problem of inner city decay, as described by the Secretary of State for the Environment, Mr. Peter Shore yesterday, adds up to nothing very much. This is only partly to be regretted, since there has been a very real danger that Mr. Shore would persuade the Cabinet to allow him to announce the expenditure of further hundreds of millions of pounds on the impossible task of stemming the outward flow of people from city centres to the greener suburbs.

His confession that any extra spending "will have to come from within the totals of public expenditure which we have already set" is therefore welcome. The difficulty of arranging his proposed "reallocations between local authorities" may prevent his department from attempting the grandiose kind of planning that was favoured in previous years; this is all to the good.

For the rest, Mr. Shore's speech had more to do with attractive-sounding sentiments than practical policies. The starting-point, as agreed by nearly all parties to the debate, is that there are areas of decay within our cities and that in these areas there are numbers of people living in distressing conditions. This situation has partly been brought about by the grand planning of the past: when bulldozers knocked down slum houses they removed small shops and cheap offices along with them, thus reducing employment.

### Desirable

The restrictions imposed by the system of office development permits drove rents so high that only large companies could afford space. The spendthrift policies of local councils, particularly in London, pushed rates to a level that made commuting more financially attractive. With the departure of many skilled workers and middle-class residents some schools became growded with an unmanageable proportion of "problem children"; the consequence was to drive away yet more people in search of better schools.

A reversal of such policies is desirable in its own right: a judicious set of changes might also achieve Mr. Shore's objective of slowing down the rate of decline of city centre populations and helping to alleviate conditions for the poor among those who remain. The trouble is that the Secretary of State did not always follow through the logic of his own arguments.

For example, Mr. Shore wants to make more cheap housing available to buy or rent. One way of doing that would be large-scale sales of council houses at below market prices, using the proceeds of sales to finance new houses. Mr. Shore, whose long-awaited new proposals for housing finance are still awaited, does not seem to have grasped this. The evidence that renovation of existing houses is cheaper and more desirable than wholesale redevelopment has been accepted, but the Department of the Environment could do more to nip future mammoth rebuilding plans in the bud.

### Strategy

Attracting small business is a laudable objective, but the necessary policies — allowing free development of shop and office property, keeping rates down, tackling the Chancellor about the burden of VAT and other taxes, and the like—were not all spelt out by the Secretary of State in his speech yesterday.

In short, there certainly is room for specific changes of policy, one effect of which would be to put a halt to the damage being done to city centres. What would be wrong is to believe that there is somewhere a new grand strategy for revitalising areas of urban decay. Mr. Shore did not produce any such strategy yesterday, although his political rhetoric was clearly designed to suggest that he did. The kindest thing that can be said about his speech is that, being short on substance, it was not positively harmful.

# Consumers must not be forgotten

THE BASIC problems of the power plant industry, and in particular the manufacturers of turbo-generators and boilers, have been apparent for a long time—too much capacity, a hiatus in home ordering and intensely competitive conditions in export markets. It was not obvious why the Government felt it necessary, last June, to commission a study from the Central Policy Review Staff, which in turn commissioned consultants to do most of the work. The report was published in December and the Government is now back where it started—deciding what to do.

### Rationalisation

One decision would be to do nothing. This would mean very sharp contraction and possibly closures at C. A. Parsons' Newcastle plant and at the Babcock and Wilcox factory at Renfrew. The locations alone make this course out of the question for the present Government. It is possible to argue, perhaps optimistically, that a planned rationalisation of the industry involving all four companies (Parsons and GEC on turbo-generators, Babcock and Clarke Chapman on boilers) is more likely to produce a viable industry for the long term than a hands-off policy. That, at any rate, is the argument which the Government is working on. Although the talks are at a very preliminary stage, the idea is that two new companies should be set up, one for turbo-generators with GEC, Parsons and the National Enterprise Board as shareholders, and the other for boilers, with Babcock, Clarke Chapman and again the NEB as shareholders.

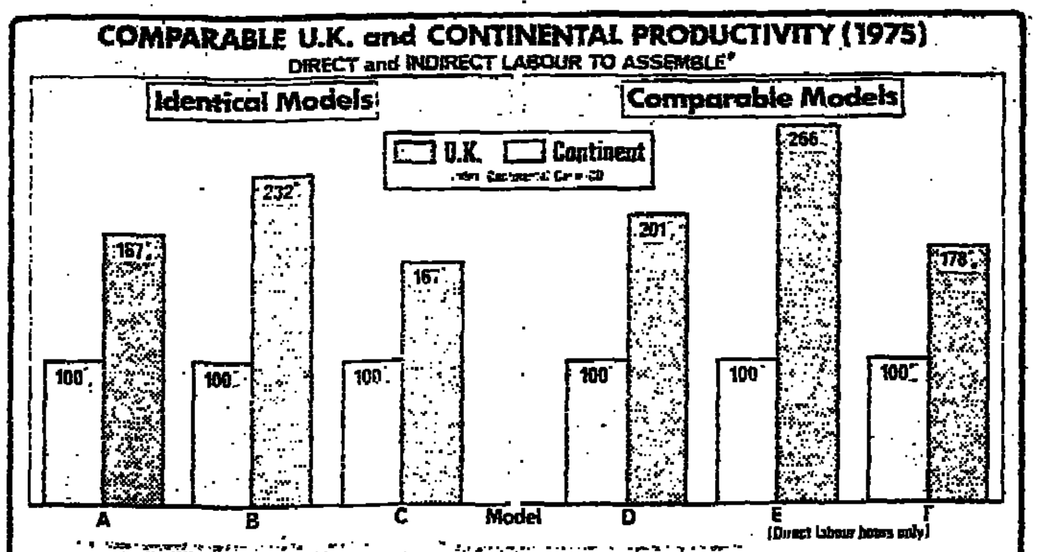
Whether the companies and the unions will co-operate in this scheme is by no means certain. Whatever plan is adopted, the industry's capacity will have to be reduced and this will involve redundancies. A planned rationalisation may involve as many redundancies as a do-nothing policy. The Government, by involving itself in these arrangements, must be careful not to raise false hopes about employment.

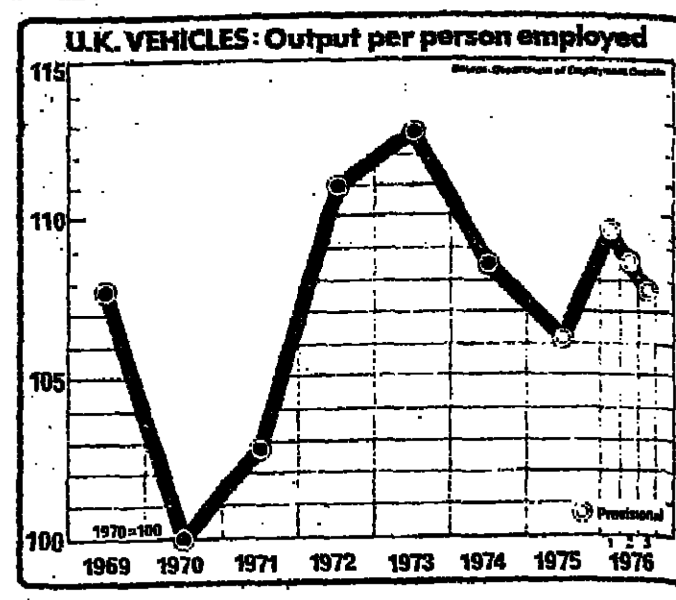
Second, it is not clear whose interests would be served by having the NEB as a minority shareholder. It might be argued that the presence of the NEB would make the deal more acceptable to the unions. But if this implies that the NEB representatives would look over the management's shoulders with the primary task of protecting the interests of employees, this is hardly likely to improve the commercial prospects of the two companies. The NEB may act as an intermediary in the merger discussions, but a direct shareholding will probably create more difficulties than it solves.

Where the participation of the NEB or some other arm of Government may be more necessary is in the field of "jumbo" contracts overseas. The lack of institutional and financial arrangements to handle these contracts is a long-standing weakness. A number of possible approaches are being considered, including the use of the Nuclear Power Company, the operating arm of the National Nuclear Corporation, in which the Government has a 50 per cent. stake and GEC 30 per cent. If it is true that Japanese and Continental companies are winning large contracts because their Governments are standing behind them, providing political influence and covering certain financial risks, ways of countering this competition need to be explored.

### Advance orders

Finally, it is widely assumed that any Government plan for the power plant industry must include advance ordering of power stations; this will be the inducement to persuade the companies to take part. But the costs of forcing the CEGB to buy power stations it does not want are considerable: the CEGB has said it does not wish to start regular ordering until the autumn of 1979. The Government's strategy for the power plant industry must not ignore the interests of the taxpayer and the electricity consumer.




# Why Leyland productivity lags

BY TERRY DODSWORTH and ARTHUR SMITH

"BRITISH productivity per man is far below the levels in the EEC. It has not changed in the last decade, while our competitors have improved their productivity and will continue to do so. We are particularly bad in assembly, where the labour requirements for assembling the same car, even with identical capital equipment, are nearly double. In engines it is 50 per cent. to 60 per cent. more."

The Central Policy Review Staff wrote those words in the last weeks of 1975, when the Government, having bailed out British Leyland, was muddling through to a scrappy rescue of Chrysler U.K. Since then, despite the taxpayers' money committed to these companies, there has been no improvement at all in the industry's performance.

Measured in the rather crude terms of vehicle output per man, productivity fell throughout the first three quarters of 1976, moving back from a peak in the index at 112.7 in 1973, to 107.7 for the third quarter. According to the latest Department of Employment Gazette estimates, which take 1970, a depressed year for the industry, as a base line, output per man is now back at 1969 levels.

At the same time, the industry's production rate has been disappointing in absolute terms. Despite a buoyant European market last year, up 13 per cent. on 1975, U.K. production rose by only 3 per cent. Leyland consistently failed to meet its targets, producing about 13,000 cars a week against objectives of at least 30 per cent. more. Chrysler has been disappointed by the production record on its new Avenger lines at Linwood; and Ford has had incessant skirmishes on productivity with its Halewood workers.

It is against this background that Mr. Eric Varley, the Industry Secretary, is to-morrow braving the lion's den of Leyland's largest manufacturing plant at Longbridge to hammer home once again the need for narrowing the debilitating productivity gap with Britain's international competitors.

His venture north is a brave gesture. His civil servants have advised against it in the present industrial climate, and although he is being accompanied by Britain's two most powerful union bosses, Mr. Jack Jones of the transport workers and Mr. Hugh Scanlon of the engineers, it is difficult to see what it will achieve. The Ministerial team is almost certain to run into shop floor demonstrations against wages policy when what it would really like is a sober debate about working practices.

What had been hoped was that Mr. Varley could have got across some of the concepts which he has been discussing in the new "tripartite" committee with top industry managers and union leaders. The issue he has particularly taken up and which is now being canvassed throughout the British industry, is the importance of continuity of output in raising productivity. Disruptive stop-start practices, it is argued, whether they are caused by unpredictable industrial action or erratic component supplies, completely undermine efficiency.

There has been a great deal of agreement within the tripartite committee on this issue. Indeed, something like a breakthrough has occurred in the attitude of union officials and shop stewards who have visited Continental plants and conceded the better production record overseas.

But suddenly the productivity question has been wrenched away from the rather academic level of the tripartite meetings and thrust right back into the hurly burly of the wages struggle. In the words of one senior Leyland shop steward yesterday: "There is so much resentment about pay that workers are not prepared to put in the effort. They believe that if they are only being paid 80 per cent. of what they are worth, that is all the contribution they should make."

It was always unlikely, of course, that the productivity question could be left on the sober and reflective level achieved in the tripartite committee. Although both sides of the industry—management and unions—may recognise that they must carry some of the blame for its poor performance, the solution was bound to involve a deal of some kind giving something to both sides.

This was the basis of Leyland's revolutionary fringe benefits offer, which would have conceded white collar conditions on sickness benefits, redundancy and lay-off payments in return for a reduction in unconstitutional industrial action. The deal, taking the pay code to its limits, would on the one hand give the workers a generous improvement in conditions of employment; and it would have given management some protection against petty disputes and more scope to adopt a flexible working policy.

The rejection of the deal by the vast majority of Leyland workers puts the company on the spot—because it has no room for manoeuvre within the present pay policy. Indeed, the unions at Leyland (now joined by the Ford shop stewards) are taking up this point to extend it into a general attack on pay restraint, which means that the whole of Leyland's labour relations are in danger of being dragged into the argument over national policy.

Leyland desperately needs to avoid a long battle over these issues because the whole of its modernisation programme depends on good will being displayed by the unions. The company is only now beginning to embark on the re-organisation of its facilities which will inevitably involve many Midlands workers in changing either their jobs or their place of work. There is no way out of this: the Ryder plan agreed with the Government on which Leyland's £2.2bn. investment plan is based, demands a radical restructuring of the company.

Some progress on flexibility has already been made. The Longbridge workers, for example, have accepted the need to allow Allegro assembly to be shifted to the Seneffe plant in Belgium so that the lines for the new Mini can be laid out properly. But the current dispute at Castle Bromwich indicates the kind of trouble Leyland will be exposed to over the next few years.

This plant, in Birmingham, is earmarked as the site for a large new paint shop. But in the meantime, its facilities are being reorganised, and Leyland has asked 32 painters to move over to alternative employment as spot welders. They have refused, asking for redundancy pay, a demand which has been supported by the Transport and General Workers Union. Leyland is resisting the redundancy claim on the grounds that it is recruiting in the area at the moment, and the redundant men could re-apply and be re-employed in a different capacity.

The fringe benefits scheme would have helped in arguments over redeployment, such as the one at Castle Bromwich, because it would put manual workers on a par with staff, offering compensation and lump sum disturbances payments to workers transferring further to work. This approval could be particularly important at plants like Canley in Coventry, the former Triumph works where a large number of men are almost certain to find themselves surplus to requirements.

In fact, it was partly trouble over this redeployment question which sabotaged the fringe benefits deal with the rank and file. One of the clauses in the deal says that workers offered alternative employment within a radius of 15 miles of their present factory would not be entitled to redundancy pay: in other words the Castle Bromwich painters re-deployed within the same plant would not have been able to apply. In voting on the deal, factory floor workers have indicated their desire to retain the option of going redundant.

The other issue on which the fringe benefits deal has come to grief is the penalty clause stipulating that any worker participating in unconstitutional industrial action for more than half a shift would lose lay-off entitlement for the next quarter.

This clause and the rest of the package will be considered by the ad hoc committee of Leyland managers and shop stewards when they meet to-day to see what can be salvaged from it. But most observers feel that, given the present build up of pressure over wages, the talks will concentrate on the move towards a common negotiating date for the whole of Leyland's factories.

Leyland's interest in establishing such a common date derives from its long-standing anxiety over leap-frogging claims among its 170 bargaining units. This means that the company is in a state of permanent negotiations. Both the shop stewards and the management who prepared the original fringe benefits deal were agreed on the need to get away from this chaotic bargaining structure and substitute a more rational organisation. But the question is whether they can do this within the conditions of the present pay policy.

A lot will probably depend on what sort of stage three deal is eventually concluded. But it is clear that thinking at Leyland is now beginning to move towards a mixture of centralised and local factory bargaining.

This brings the argument back to the productivity issue, since many shop stewards feel that there have to be some local incentives if output is to be raised. Under the measured day work system introduced at Leyland since the 1968 merger, piece working has been abandoned in the company. But at the same time output has been stagnating. Hence one remedy being canvassed among senior Leyland stewards is for 80 per cent. of pay to be related to measured day work, while the final proportion is geared to the achievement of overall output targets negotiated at plant level.

Such a solution would be in line with some Continental practice. Volkswagen, for instance, has a generous bonus system which tops up wages if certain targets are achieved. But many critics of the British industry would stress that this only half an answer to the company's problems. The central argument of the Central Policy Review Staff (CPRS), the Government and many other interested parties, is that continuity ... production remains the ... vital link in the productivity chain. Once continuity is broken ... efficiency, planning, targets ... quality begin to go out of the window.

Privately, managers of Britis... car factories agree with the CPRS view that productivity ... about 30 per cent. lower in t... U.K. than the rest of Europe. Few, for example, would di... agree with CPRS's remarks o... Mini production: "Although the Leyland Mini is built ... assembled at Longbridge in ... factories and with old equi... ment, man hours per car co... be reduced by 32 per cent. ... achieving the work standar... calculated on the basis of exi... ing equipment."

What the CPRS, and ma... Leyland managers go on to s... is that these problems cannot ... resolved without a revolution ... attitudes on the shop floor. Th... is a point put most cogent... recently by Mr. Bernard Hanc... the head of Renault's car oper... tions, and a man with a reas... ably happy productivity tale ... tell—his company made 1.5... cars last year with a workforce of about 160,000 (9.4 cars each) while Leyland made 689,... cars with a workforce of 120,... —about 5.7 cars each.

"The productivity battle w... be won," he said, "by peopl... who have a certain level of ... mation. But if you look ... modern car factories all ov... the world, you will see that ... degree of automation is not ... that different. The key d... criminating factors will be th... capacity to succeed in st... dardisation of components, ... ensure efficient component su... plies, and above all to ha... stable manpower and uninte... rupted production. If you ha... strikes, absenteeism or hi... labour turnover, you breed bi... habits."

# MEN AND MATTERS

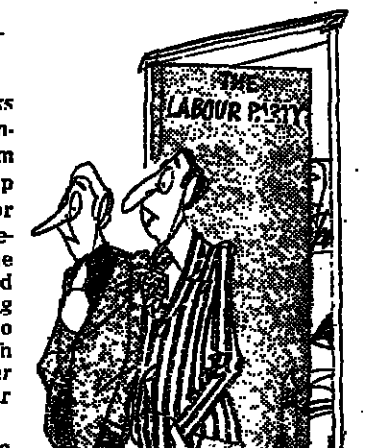
## What about the Serck workers?

Pat Smiley, full-time works convenor at the Serck company's two main Birmingham plants, was trying to make up his mind last night whether or not to attend a meeting of shareholders to-day. Serck is the subject of a £32m. takeover bid from Associated Engineering which seems to be turning into a good old-fashioned scrap, with Serck declaring that the "offer has nothing to offer our company."

Straight away, it must be made clear that the rejection came from the Serck Board—but, in the spirit of the times, the workforce is also determined to have a say. The employees' views coincide strongly with those of the directors, according to Smiley.

"I have 100 per cent. backing in resistance to this bid," reported Smiley, who echoed the Board's line that Associated Engineering had nothing to offer Serck. Apart from its Birmingham factories employing 1,500, Serck has plants in Newport, Redditch, Manchester, Leamington and Gloucester. Smiley is proud of the group's record of low labour turnover and the absence of any major shutdown in the last seven years. "This is a manageable-sized company where communications are good," he went on, expressing fear that all might change if the company was absorbed.

If the takeover does look like succeeding, then Smiley thought the workforce's opposition could go to the point of "militant action." For the moment, this Engineering Workers Union official who has been 27 years with Serck, rising to be a skilled machinist, is keeping a weather eye on the shareholders, and may, for the first time in his life, go along to an AGM.




"That's where the Tories have the edge over us—their nostalgia is much less acrimonious than ours!"

Perhaps Smiley and his colleagues are taking heart from the lesson of another Birmingham-based company, Wolseley-Hughes, which three years ago avoided an unwelcome takeover by Tarmac. The plan was actually scuttled by a Monopolies Commission reference, though the determined opposition of the W-H employees was recognised as a major factor in the tussle.

## Dumping realism

After the longest dumping investigation ever the Department of Trade has decided that Russian dump trucks have indeed been dumped in the U.K. The DoT has taken 16 months to reach this conclusion, partly because of the need to ensure that its decision would abide by GATT rules and stand up in court if need be, and partly because of the enormous difficulties always encountered in working out a fair price for equipment from the Socialist bloc.

The two Belaz dumpers were examined by the Ministry of Defence Engineering Establishment and compared with similar vehicles, one imported from West Germany and the other made by Caterpillar. But, as the Russians pointed out in a remarkably candid defence, technical specifications are not everything and Russian-built equipment has the reputation of being less reliable than that from Western Europe.

That surely justified a price discount, they argued. Only up to a point, must have been the answer, as the Russian importer is now having to raise the price of the larger model by around £10,000 to avoid the anti-dumping duty. That's Socialist Realism for you.

## Crosland's man

The Whitehall gossip machine (or at least that part not entirely devoted at the moment to the Wilson kitchen cabinet furore) is probably finding some raw material in a surprise political appointment to the Foreign Office. It is bound to add to the whispers that if Denis Healey leaves No. 11 Downing Street, the new Chancellor could be Antony Crosland.

Michael Stewart, 44, is joining the Foreign Secretary as his personal economic adviser. Stewart, said that he would be concentrating on briefing Crosland on economic issues. A reader in political economy at University College, London, Stewart will devote just about half his working week to the Foreign Office. He is no stranger to the political heights, though he has not been closely involved in Whitehall much over the last half dozen years.

After five years in the Treasury and two at the National Institute for Economic and Social Research, he became the senior adviser to Dr. (now Lord) Balogh at the Cabinet Office in 1964. In 1967 he went to Kenya as Treasury adviser: a frustrating time, he says, during which he felt more useful explaining to the Kenyans the repercussions of sterling's problems on the international scene than when he tried to work on their domestic policies.

On his return to Britain, Stewart acted as economic consultant on Ulster matters to the Home Secretary. There have been two other occasions when he has played economic educator to Labour leading lights: in the early sixties he prepared papers for shadow Chancellor James Callaghan, and for six months in 1974 he was special adviser to Trade Secretary Peter Shore.

Stewart stood unsuccessfully for Labour in the 1964 and 1966 elections; such direct political ambitions are now past, but he remains sure that the adviser's role, if seldom of supreme impact, is worthwhile. A son-in-law of Harold Wilson's other principal economic guru, Lord Kaldor, he has written one book on Keynes, and another is at the printers covering political and economic policy since 1964. It is called the Jekyll and Hyde Years, but Stewart regrets in advance there will be no new tales of tantrums at No. 10.

## Beware

After my report of the cheery Wanstead sign about shooting every third person requesting change for the next-door launderette, how about this notice at the entrance to a Hampshire field: "Straight on for the tomb of the unknown trespasser."

*Observer*

FINANCIAL TIMES SURVEY
Thursday February 10 1977

# Industrial Property

Against a background of rising investment demand, industry's take-up of new space looks like increasing from the low levels of the last half of 1976. Inflation accounting will focus attention on industry's use of its property assets.

## Jpturn ould e on ne way

y Quentin Guirdham
perty Correspondent

NVICTION that recovery ritain's economy must be by manufacturing industry sustained faith in industrial erty values for the past . In terms of space ands, both for leased and nt possession buildings, that h proved misplaced during closing months of 1976, with otably slack market. The r year, with interest rates lining and investment pro- mmes announced by several or groups, has brought new etus. A rising level of vity can be expected. But in ns of property values, the t of the warehouse and fac- is still likely to be 1978 er than 1977.

everal factors may combine produce quite a sharp rise in es for the best located and t industrial premises. Rents, ch have remained static, in regions, for the past two s, may be forced upwards even a modest increase in and, given the low level of lopment activity. As well a demand pull, there must be a strong push from s, the rise in which has been partly disguised over the past two years by builders' acceptance of lower margins.

If rents do move ahead, then the value of all industrial property will be affected and with insurance companies and pension funds likely to invest heavily in property this year values could be further magnified by a slight fall in investment yields.

These influences within the specialised property market will have repercussions throughout industry due to the regular valuation of assets demanded by inflation accounting. These valuations will, over the next few years, provide a new yardstick for the worth of factory and warehouse premises, necessitating a more detailed study of land, building, plant and machinery than most industrial companies have attempted before.

## Valuations

The Morpeth Committee has recommended a five-year maximum period between valuations (and an annual one for property companies). The open market values of most industrial buildings will be assessed, but in the case of specialised structures, valuers are given the option of a depreciated replacement cost calculation. The responsibility the inflation accounting proposals place on valuers, both internal and external, is considerable. By no means all points of procedure have yet been ironed out. But the intention of showing the realistic costs of continuing a business, including the replacement of assets, is one which will draw attention to property values.

The analysis provided should prove beneficial to the financial management of industry, which has sometimes with justice been accused of ignorance in property matters and a reluctance to admit how far outmoded premises are handicapping manufacturing or distribution processes.

The cost of valuing complicated industrial properties has worried some companies. Some comfort may be derived from the extra use that can be made of the valuers' work. For instance, five years is a reasonable period over which to update valuations for fire insurance cover, though many companies have been prepared to update only through indices over much longer periods. Initial valuations under the new standards might also be linked to a record of buildings for Development Land Tax purposes, since although owner occupiers of industrial properties are not subject to the tax while they remain in occupation, the tax is nevertheless assessed and is due on disposal of the property.

This exemption from DLT was one more sign of the Government's favourable treatment of industrial properties against offices and shops. The past two years have seen several indications that premises are seen as a significant element in the regeneration of industry. The raising of Industrial Building Allowances from 40 to 50 per cent. in the 1975 Finance Act was accompanied by a £100m. package of incentives to bring forward private industrial building programmes which would otherwise have been postponed or abandoned because of economic factors (the scheme closed last autumn).

On the planning side, the Government has also gone some way to allowing industry to locate and build where it wants. Industrial Development Certificate restrictions were raised to 15,000 square feet (12,500 square feet in London and the South East) last year and replacement IDCs were introduced for some obsolete buildings.

But there remains extreme dissatisfaction across a broad front—industrialists, developers and Labour councils—that there should still be active restrictions against areas which are suffering, in many cases, as bad unemployment as development areas. As it happens, Mr. Peter Shore's preoccupation with the inner cities (shared, it would seem, by the Prime Minister who has set up a Special Cabinet Committee to study the problem) is likely to force a re-examination of IDC policy and some clearer statement of location direction for industry over the next decade.

## Changes

While it is unlikely that IDCs will be dropped, exempting the inner areas of London and Birmingham from their control would be a drastic revision. Further changes in planning control are also likely in industrial zonings and the conforming user regulations.

Meanwhile, it is already clear that political attitudes to the location of industry have softened in the recession. Local authorities who had shunned industry are now more welcoming, and where there are crisis levels of unemployment, in some cases an insistenceo n factories to produce more jobs, rather than warehouses, is being relaxed when developers and clients argue that any activity, which is always likely to attract other employers to the area, is better than none.

Also, it seems clear that IDCs are being granted with rather greater freedom than before and, so it is widely suggested, quicker.

This government encouragement extending to speculative developments as well as those built to clients' orders, has been backed up with the nationalised programme of advance factories, partly financed from EEC funds, running at roughly twice its normal rate. One estimate of current speculative developments, ready for occupation in the next six months, suggests that the government schemes are responsible for a quarter of space in this category.

With several local councils joining the new town development corporations in entering industrial development, the prospect of yet more speculative building on public money seems likely. In a study of inner cities published last month by the Department of the Environment, the three firms of consultants studying Liverpool, Birmingham and the Lambeth area of London all came up with suggestions of advance factory programmes—often with an emphasis on small nursery units of 2,000 square feet or less—built from public funds.

This perhaps underestimates the contribution the private sector is prepared to make. Despite the relatively low level of speculative development it is now doing, the funding situation has greatly improved in the last year. Institutions have come back to the market for pre-funding whole schemes, preferably with at least some prelets but extending to speculative ventures, at a slightly higher yield, in the best locations. It is one symptom of the fact that the institutions regard industrial properties as both a sound financial and a politically desirable investment.

The extent to which the political or social considerations may influence investment strategy should not be underestimated. Trade union representation among pension fund trustees, or company boards, will have a preference for industrial investments as a growing proportion of any property portfolio. Since the professional managers of such funds have also been impressed by the stable growth of industrial rents in comparison to the sharp fluctuations in rental value on the office investments, the combination of enlightenment and good money management is powerful at present.

## Reduction

Hence there is evidence that some funds have been prepared to see a reduction in the traditional yield gap between industrials and office or shop investments—once 4 per cent., more recently about 2½ per cent., and now perhaps around 2 per cent.

The shortage of suitable investments must, however, lead to a danger or this market overheating. Most managers will not consider investing in specialised buildings (in which category many woul dinclude even the most standard style of units if they are unusually large, say over 100,000 square feet) and are devoted to multi-purpose buildings, which in practice down to warehouse-light industrial units of around 20,000 square feet with eaves heights of about 20 feet, and good access to a motorway.

This limits the range of funding which institutions will offer, but some greater flexibility may be expected over the next few years with some funds prepared to back real factory units as well as warehouses. And the direct involvement of funds in their own developments may increase, the Electricity Supply Industry's and the Coal Board's having already followed in the path of several insurance companies.

Where, given encouragement from government and the institutions, the industrial property equation at present breaks down is simply in the sluggishness of demand fromusers. Surveys of vacant premises show a depressing picture of a still-rising quantity of space, though this is less pronounced in modern buildings. But the problem of older manufacturing premises remains, with the costs of refurbishing them making such projects less viabe every year

But there is now some firm evidence of increased demand, with long-postponed investment decisions being taken. 1977 has opened with the same air of promise as 1976. Should the industrial property market fall away at the end of the year in the same manner that it did last Setember then it would be a significant indicator that hopes of sustained economic growth were premature.

# Signs of improvement for the developers

INDUSTRIAL DEVELOPMENT activity has tended to move closely in line with the business and investment cycle in the economy as a whole. Hence, after a sharp fall in new private industrial building in the past two years, the prospects are for a small recovery over the next two years.

However, private industrial development has shared the fate of manufacturing investment generally and has been falling as a proportion of Gross Domestic Product during the 1970s, while allowing for the clear cyclical variations. Thus even in the boom year of 1973, the value of private industrial output was in real (inflation adjusted) terms more than 3 per cent. lower than in the peak year of 1969. Over the same period, GDP had grown by over a tenth in real terms.

Nevertheless, private development has been running at a sufficiently high level to produce a net increase in industrial and warehouse floorspace in England and Wales of 19 per cent. to 3.55bn. square feet between 1967 and 1974 according to a special Inland Revenue stocktaking exercise. During the same period the amount of commercial office space increased by 38 per cent., with shopping space growing by only 7 per cent.

East Anglia—with the fastest-growing population in the period—also had the largest increase in industrial and warehouse space—up 52 per cent. from an admittedly small base. There were rises of 40 per cent. in the South-West, 34 per cent. in the South-East outside London, 32 per cent. in the North and 31 per cent. in the East Midlands.

The decline of London as an industrial centre is shown in an overall rise of only 2 per cent. in the period. This takes in a decline of 7 per cent. in inner London—which the Greater London Council is keen to reverse—offset by an increase of a tenth in the outer suburbs.

This regional distribution reflects the areas where the main property development companies are active. The sharp rise in the southern half of the country despite the existence of tight Industrial Development Certificate controls is because of the rapid growth during the period of warehouse and distribution depots—rather than factories—especially near the growing motorway network.

## Controls

Industrial Development Certificate controls have undoubtedly limited the amount of factory building in the southern and eastern part of England. The broad aim is to stimulate new industry and new employment in the Development Areas—Scotland, most of Wales, northern England, north Yorkshire, Merseyside, Cornwall and north Devon—by restricting industrial development in other areas which have traditionally had less unemployment.

In the last two or three years the unemployment rate in certain decaying inner city areas has been well up to or above the national average, and consequently the rules were altered a year ago to allow the speculative development of old urban industrial sites.

But in general, IDCs are required in order to make a planning application to cover building, rebuilding, extension, alteration and change of use with exemption up to 5,000 square feet in south-eastern England, 15,000 square feet in the Intermediate Areas, and 10,000 square feet in the rest of the country outside the Development Areas.

Approval of IDCs has moved in a broadly cyclical way with a peak of 83.34m. square feet being granted in 1969 falling to 46.55m. square feet in the recession year of 1971. This was followed by a sharp recovery to a high of 85.42m. square feet in 1973. The severity of the subsequent recession is shown by the fact that the decline has been much steeper than in the bottom of the previous cycle: only 35.97m. square feet was approved in IDCs in 1975.

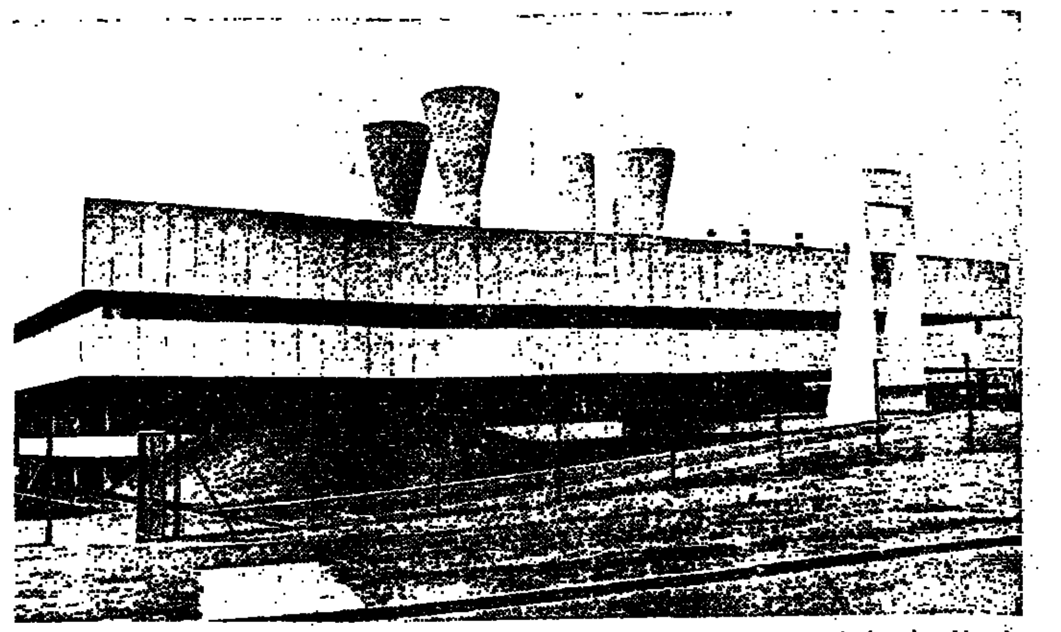
This trend has been fully reflected in the ups and downs of orders for private industrial construction work. New orders obtained by contractors rose from £525m. in 1967 to £606m., both calculated at 1970 prices to adjust for the impact of inflation and in order to provide a guide to the underlying volume trend. The next cycle took in a trough of £417m. in 1971 and a peak of £591m. in 1973.

The drop since then has been very sharp—down to £306m. in 1975, an all-time low for the period since 1963. The low point was in the final quarter of that year though the estimated recovery last year was to less than £350m.

The time lags are relatively short for private industrial work and the fluctuations in the order intake have been pretty closely matched by the variations in output. The cycle has been less marked, however, both because of the inability to fulfil orders immediately when inquiries are at peak and a desire to spread out work when demand is slacker.

Private industrial output jumped from £501m. in 1967, again on a 1970 price basis, to around £650m. in both 1969 and 1970, before declining to £605m. in 1972. The peak in this case, reflecting, as usual, a lag of about a year after the peak in orders, came at £631m. in 1974. (This is similar to the trend in output of private commercial work and, indeed, the totals for both categories have also been roughly the same.)

During the recession, private industrial work declined from £631m. in 1974 to £585m. in 1975, and the fall would have been much larger but for a continuing rise in work on offshore platforms associated with North Sea development. However, this work fell back last year, and with industrial output outside this area down by a tenth, the total fell to £510m., according to an estimate published at the end of last month in new forecasts from the Building and Civil Engineering Economic Committee (Little Neddy).



*The Gas Council's Engineering Research building at Killingworth in the North East.*

It is difficult to judge the prospects for the current year in view of the uncertainties about the economy generally. Various investments intentions surveys, including those of the Department of Industry, the CBI, as well as the Government's own forecasts have pointed to a possible rise in manufacturing investment of between 10 and 20 per cent. this year. This is, of course, only recouping some of the sharp drop of the last couple of years.

## Upturn

The upturn in industrial development is unlikely to be nearly as large as the projected rise in manufacturing investment. This is partly, as the recent Little Neddy report suggests, because there is no shortage of industrial buildings, even though some may be unsuited to modern production methods.

Moreover, it is also argued that in the present economic environment, it may be more likely that the bulk of the increase in manufacturing investment will be directed towards plant and machinery. This is because the return is more certain and quicker compared with the riskier area of large extra capacity or spending on new processes which would involve new buildings.

Expenditure on plant and machinery anyway tends to pick up sooner in the economic cycle than investment in new buildings, while there also appears to have been a long-term decline in the share of construction in fixed capital formation by manufacturing industry. Whereas the share was 22.1 per cent. in 1965, it had fallen to 18.4 per cent. in 1970, and 17.7 per cent. in 1975.

The Little Neddy is forecasting a rise in private industrial output this year from £480m. to £495m. (at 1970 prices), excluding offshore platforms where a drop from £30m. to £15m. is projected for no change overall. A more marked recovery is envisaged in 1978 with a rise in output (excluding offshore pla forms) to £530m.—a 7 per cen rise—and an overall increas from £510m. to £560m., su below the 1973 level.

It is impossible to estimat yet how much of this work wi be undertaken for propert development companies. Bu recent reports suggest that number of the leading com are already expandin their development activities i order to meet any significan upturn in demand. Certain the leading groups have larg areas of land with planning pe mission on existing estat ready to be developed.

**Peter Riddel**
*Economics Correspondent*

# Regional policy

COMPANIES CONSIDERING expanding their offices or plants in Britain during the next few months will be advised to give careful consideration to new trends in Government regional policy.

It is no longer axiomatic that the broad red areas on the Department of Industry maps (the assisted areas which cover more than half of Britain) are a form of protective blanket for business expansion under which all blessings are provided in the form of regional aid.

The Regional Employment Premium is being dropped a year earlier than all previous Government assurances in order to save £150m. in 1977-78. That money will not be wholly lost to regional industrial regeneration, however. Much of it will be distributed, but more selectively, via the National Enterprise Board, and the Scottish and Welsh development agencies.

## Inception

The REP proved too inflexible, seven years after its inception, to meet the changing needs of the British regions at a time when new and strong regional authorities have been created and the old problem of a declining Scottish economy has been solved almost at a stroke by the discovery of North Sea oil and gas. Ministers eventually acknowledged last year that it was a nonsense to be paying REP to, say, a company setting up in Aberdeen when the company would go there anyway and there is already a shortage of labour in the area.

Nevertheless the last gasps of REP are bringing in some useful bonuses for some companies concerned with capital-intensive oil installations in remote parts of Scotland.

The other important change in Government attitudes towards the regions is still being slowly and carefully expounded in a series of speeches by members of the Cabinet. In a nutshell, however, it is a new conviction that the most pressing need in Britain to-day is to revive the inner cities. London, Liverpool, and Glasgow provide the most glaring examples of the wastelands left behind when industry and commercial activities leave the heart of great cities. But the three do not stand alone with their problems. Other cities crying out for vast reinvestment in their central areas include Bristol, Cardiff, Birmingham, Leeds, Sheffield, the Teesside Corporation, and Newcastle-upon-Tyne.

Mr. Peter Shore, the Environment Secretary, has given a lead in the new cities policy and the other Government departments are following suit. For instance, the Government's factory-building agencies are being asked to develop suitable designs for urban advance factories including small plants suitable to encourage the progress of budding local entrepreneurs.

The Government is planning joint assaults on urban renewal areas by national and local government, the trade unions, and financial institutions. That means that industry willing to move into such areas—also office projects—will get every encouragement from the Government plus official blessing upon the use of private sector money to complement grants "aid." Mr. Callaghan, the Prime Minister,

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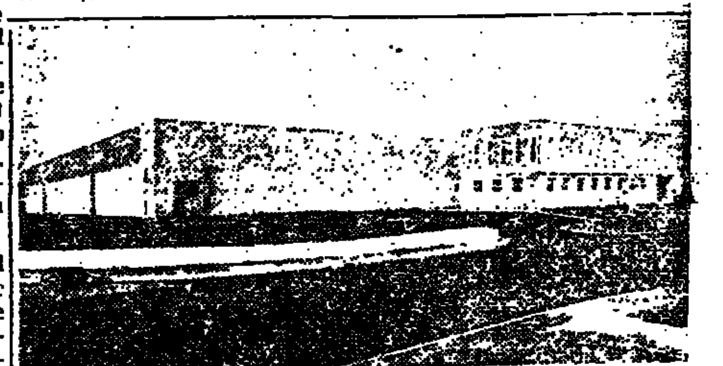

North Cheshire Trading Estate, Birkenhead.



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# Changes expected in planning controls

FORECASTING CHANGES in the planning controls on industrial properties, even during the past two years when encouraging industrial investment has been the particular emphasis of government, has proved a dangerous game. There have been a succession of minor changes, almost all of them welcome to those concerned with new buildings. And there has been frequent talk that the administration of the central control, through Industrial Development Certificates, has started operating to new criteria. But a complete overhaul of the system, coupled with a statement of national intentions for the next decade, has been lacking.

At present, to take the administration of IDCs, there is uncertainty as to what degree controls have been relaxed. Some, who have been recipients of certificates a fortnight after application, are in no doubt that things are easier than they were. The granting of quite extensive speculative IDCs in parts of inner London has given a similar impression. Then there are quite different cases, for instance where a warehouse, which would not normally need an approval, requires one as a related development on an industrial complex, and despite support from the local authority the application is refused. So there is some confusion as to what the IDC policy is currently, whatever the official notes say, trying to achieve. And the numerous opponents of the control in any form will take comfort from the remarks of one of the independent consultants employed by the Department of the Environment on a series of urban studies. "Whatever relaxations have been introduced," they said, "IDCs act symbolically as a deterrent to investment."

To a large degree it is the *concern for the urban areas*, fostered in the Department of the Environment and not the Department of Industry which controls IDCs, which will be the touchstone for the changes in policy which, despite many previous false starts, may be expected this year with some confidence. It was Mr. Peter Shore's Manchester speech last autumn which alerted property men and *industrialists* to the possibility of major relaxations to factory development controls. He said he could see a real purpose in assisting industry in the inner areas of major cities.

If a programme could be worked out which would not disturb existing regional policies, said Mr. Shore, and it was a big if, he could see a need to assist industries even outside the assisted areas. Assistance must go with freedom from planning control on premises, and Mr. Shore made it clear that he was referring to possible relaxations in IDC regulations.

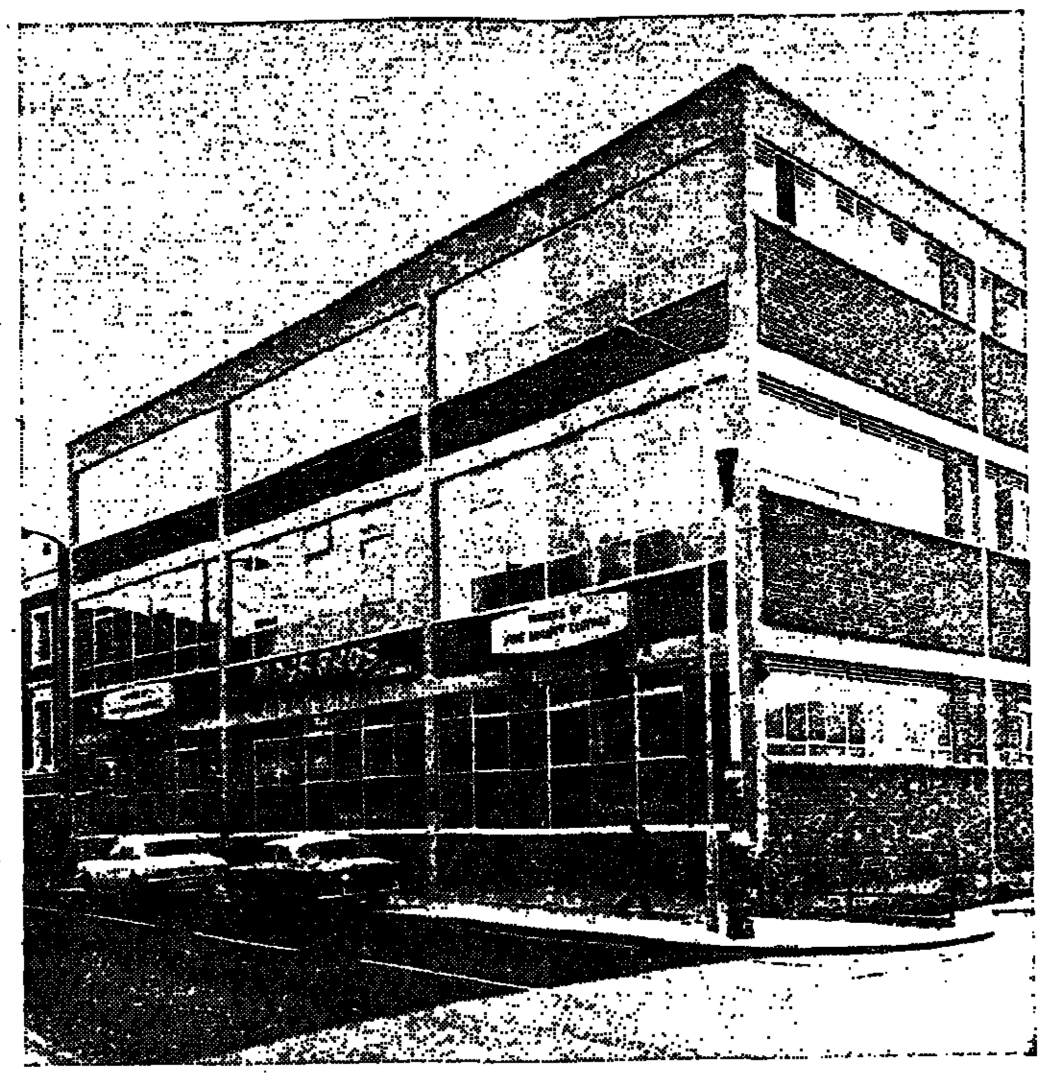
## Priority

At present the Special Development and Development areas have first priority in the Government's industrial policy. Industrialists building in those areas need no IDCs. Intermediate areas have second priority, closely followed by the new and expanding towns. In both these, certificates are needed though they have long been granted fairly freely. Elsewhere, particularly in the South East, is where past certificate problems have been centred.

In what ways is this policy likely to change? First, at the local level, it seems that there may be a relaxation on industrial zoning controls and a rethink of conforming user regulations.

Many of the user regulations now look something of planners' luxuries, written in a time when the full effect of other environmental controls was not apparent, and when there was little to worry about in turning down potential employers if there was a danger of them causing inconvenience.

User regulations will also be scrutinised to see where they are outmoded by changed processes in certain industries, but the larger changes will stem from a reaction to rigid principles of zoning. Reduced convenience in public and private transport, and increased costs in both have persuaded many that the factory at the end of the street is no bad thing. While present planning techniques still favour boldly delineated industrial zones (the dockland's plans in London are an example) this has come to be seen as important mainly as a way of providing suitable space for industrial expansion, rather than a goal in its own right. Providing there are adequate pollution controls, and transport access is satisfactory, then zoning regulations may be relaxed.



*A purpose-built textiles factory in Balls Pond Road, Dalston, recently acquired by Paul Separates Ltd.*

The second area in which policies may be expected to be amended is in IDC control itself. Again, the touchstone for change appears to be Mr. Shore's interest in the inner cities. While there is little chance that the whole IDC framework will be dismantled, the inner cities might gain clearance from their influence. Such a change might affect only major, named conurbations. One of the attractions of allowing this freedom, under heavy political pressure to do something about these areas, is that it costs nothing, when almost all other proposals for their regeneration look like costing a lot too much at a time of expenditure cuts. Mr. Shore did not, however, rule out the idea that money could be found for such areas to offer incentives to industry, and if that were so it would be a remarkably swift turnabout from the position where inner cities sporting higher unemployment rates than many supposedly depressed areas were forbidden from even advertising their attractions to industry.

## Zoning

Just how far IDC or zoning policies may be changed will probably not be decided until at least the summer. But there is no doubt which way policy has developed over recent years in relation to industrial property development.

Last year, for instance, previous policy was slightly relaxed so that IDCs were only required for premises of 15,000 square feet or more (12,500 square feet in the South East and London). The previous limit was 10,000 square feet. In addition, industrialists are now allowed to replace really obsolete buildings without applying for a new IDC.

The financial incentives have also been increased, for instance, in allowing industrial companies to develop land for their own use without incurring any liability to Development Land Tax (quite right, most would say, but there is a concessionary element here in that the company can perhaps release some development value through a sale and leaseback). This special treatment for industrial buildings had followed on the raising, in the 1975 Finance Act, of the Industrial Building Allowance from 40 to 50 per cent (allowing half the cost of an industrial building to be written off against Corporation Tax in the first year).

Developers of factory buildings can expect to continue to receive this relatively favoured treatment. And with regional policy having been shown to have worked—even if only in the bitter sense that this recession has seen unemployment spread more evenly across the country—they can expect less locational restriction from broad regional policy in future. But between being encouraged to risk money in the inner areas of London, Manchester, Liverpool, Birmingham and Glasgow, and being allowed to develop where they wish outside the assisted areas, there is still a large gap. It is one thing to have, in practice, a freer climate, so that a reasonable IDC application in Sussex, Surrey or Kent may at the moment succeed. It is another to have policy spelt out in a manner which will remove that symbolic barrier of the IDC application from potential investors' minds. A clear statement of Government intention is hoped for later this year.

**Quentin Guirdham**

# Regional

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recently joined in the campaign for the cities by giving his personal support for fostering the small business to grow in the cities. But he was not excluding *the arrival of the big battalions* of business back to Liverpool's waterfront or the London River. Indeed the Government is very anxious to attract some of the biggest new industrial and commercial developments that may be mooted during the next couple of years into the problem cities.

The very urgency of the North Sea work and its demands in terms of capital means that a high proportion of new investment has been, and still is, going to Scotland. For instance, British Petroleum is to spend £900m. on plant in Britain during the next five years and most of it will be in Scotland. Grangemouth is to have a vastly expanded petrochemicals complex. Other developments have yet to be announced.

## Faith

Allied Breweries is another company that has announced its faith in an expanding British economy by disclosing, in January, plans to invest £164m. over the next two years. Capacity is to be increased at a number of breweries. The company's breweries are at Burton-on-Trent, Warrington, Leeds, Birmingham, Romford, Alloa, and Wrexham. The Harveys wine and spirits operation may also be further expanded and more money invested in Scotch whisky production.

Another big spender in the regions is the National Coal Board as the 10-year £3bn. Plan for Coal proceeds. Now that the Government has accepted a further long-term coal development plan for the industry it can be reckoned that coal investment will be running at a steady £300m. to £400m. for *many years to come.*

Much of the new investment will be on existing coalfields in Scotland, the North East, Yorkshire, and the East Midlands, but the new Selby coalfield, Yorkshire, is being developed at a cost of £400m. and the Board is expected to win permission to spend even higher sums exploiting some 500m. tonnes of coal discovered in an area previously unmined — the East Midlands Vale of Belvoir.

British Steel Corporation will be spending up to £800m. a year for some years to come on its giant new coastal works in order to complete its new strategy for production by the mid-1980s. The major developments are at Port Talbot, Wales, Ravenscraig and Hunterston, Scotland, Teesside, and Scunthorpe, Lincolnshire. But considerable sums are also to be invested in special steels in the Sheffield area.

It is too early to say exactly how the evolving new Government regional policy will look when it has been re-shaped to take account of the needs of the cities and to be rather more discriminating about dispensing aid in some regions — where it is not now quite as necessary as it was a few years ago.

But there is every likelihood *that the overall sums available* for regional aid will not be significantly reduced. They will simply be distributed rather differently with the new regional agencies — and perhaps special city agencies—having a greater say about where the money goes.

**Roy Hodson**

# Rents show no sign of resuming upward spiral

AFTER A YEAR of stagnation industrial rents are still showing no sign of resuming their upward spiral. The stock of accommodation on the market plus the erratic progress of industry towards recovery, are pulling stronger against rent rises than builders' cost increases and sluggish building programmes can manage.

According to all the evidence, *the often repeated claim that* scarcity is looming and rents are due for explosion—while it may be true—has no relevance for the next 12 months. There is also ground for suggesting that even as a theory the claim *is not* well based. It is based upon the low level of industrial building programmes which, it is said, will create a shortfall of accommodation when industry gets back on its feet and the new boom begins.

But this, in turn, assumes: that the industrial revival will happen overnight and sweep all sectors at once, creating a sudden, massive upsurge in demand, and also that industrial developers, despite *such an incentive, would be unable* to build fast enough to meet demand. Both assumptions are possible but rather less than probable.

## Warning

In particular, industrial builders have shown in the past that they can build fast when conditions warrant it. Given three months' warning of increased demand they can have standard shells ready for fitting out three months after the demand has crystallised into firm tenancy agreements.

In any case, there is a large and growing stock of accommodation already on the market ready to absorb the first wave of real demand. And this is further augmented by the new construction coming on to the market all the time. The latest survey by industrial agents King and Co., undertaken in mid-December, reveals an industrial accommodation stock of nearly 85m. square feet (roughly 50m. square feet of factories and 35m. of warehouses).

More significantly, this level *is no less* than 149 per cent. higher than it was three years ago. It is also higher by 8 per cent. than it was at the end of summer. The agents noted a particular deterioration during the autumn after some signs of an improvement earlier in the year. This pattern matches almost precisely the trend which showed up in all the other economic indicators where a small upturn collapsed back into recession between September and October.

While some of this stock undoubtedly consists of buildings which are obsolete and unlikely ever to let, the time has long since gone when the bulk of the stock could be dismissed as poor quality. Equally, some of it is accommodation tailored to particular needs which, in the most buoyant market, only lets slowly, if at all. But it passes common sense not to realise that the majority of the stock is in eminently usable buildings.

Although demand is not high it is by no means non-existent. So, if the bulk of the available accommodation was in outworn or specialised premises, one could already have expected the limited supply of prime space to be commanding escalating rents. A kind of two-tier market has developed but it is typified rather by a fall-off of rents in older premises or poor locations than by any significant upturn in prime, new warehouses—always the highest rent fetchers.

Even the best space is still *struggling to break the £2-per-square-foot barrier and* a great deal of brand-new, well-located estates have asking rents of between £1.25 and £1.50. This level was reached some two years ago and has remained virtually unchanged.

The £2-plus levels are still restricted to the relatively few locations where exceptional circumstances have historically forced competition among a limited group of users, such as air cargo firms round the main airports. Even these locations have seen cautious upward movements in rents rather than any major take-off over the past 18 months or more.

The strongest underlying *factor in the current pattern is* demand and this is self-evidently not yet producing bottled-up pressure. From the tenants' point of view this is obviously a desirable state of affairs. From the developers' side of the fence desirable is the one thing it is not.

One major reason for the reluctance of developers to undertake new programmes in advance of the industrial recovery (which now looks certain if not imminent), is that current rental levels no longer provide an economic return on costs. Developers of industrial estates have borne the full brunt of inflation in building materials. There have, for instance, been three significant increases in the price of steel in the past 12 months. Other materials have all risen as well. Finance costs, too, while they may be returning to more comfortable levels, add considerably to the burden, particularly if letting takes time.

This *may* indicate a rental explosion once demand hardens: but more likely it suggests a short burst of growth some time after industrial recovery has occurred and existing stock has been taken up, followed by a return to fairly steady but gentle rises.

When this will occur depends heavily on the timing of recovery in the economy and the momentum that this generates. A weak or slow recovery, staggered between sectors, could delay this trend considerably or even dissipate the early growth spurt. The concensus, however, is that it is unlikely to occur within the next 12 months. One London based developer, Richard Upton of Ashville Properties, confirms this view, despite the fact that his firm is carrying out more building than ever before.

Mr. Upton also describes a market in which there are a number of paradoxes and confusions. For instance, inquiries for space are at buoyant levels and appear to be "serious." This is in contrast with the early 1970s when the atmosphere of prosperity led company executives to make persistent space inquiries in order to monitor the market in case expansion should become necessary.

The inquiries also seem to be for larger units, between 20,000 and 100,000 square feet. This may have something to do with the attractions which development areas and the Government-backed English Industrial Estates can offer to smaller firms in the form of rent free periods, industrial grants and rock bottom rents.

## Differential

One other noticeable point is a differential developing between brand new buildings and those which have been on the market for more than a year. In a number of cases, even where the two buildings are of similar quality, the brand new building will fetch, say, £1.20, while the two-year-old unit will stay unlet until the rent is reduced to perhaps 80p.

There seemes little reason for this except as a symptom of tenants' whims in a market too weak enforce logic. The superior bargaining power of tenants can also be seen in the growing number of rental deals transacted which have "special features"—all to the advantage of the tenant.

Recently there have been a number of developers offering several months' (even a year's) rent free period during which fitting out can take place. Other incentives include rentals which cover the cost of some services, such as water rates or lighting. Where the industrial accommodation has ancillary offices these are often let at levels little different from the industrial space.

While all these factors militate against an imminent upturn in rental levels, they do not add up to a picture of total gloom. Industrial developers may be in a state of siege but it is one they are able to sit out.

The big support comes from the newly awakened interest in industrial property by the financial institutions. During the past 12 months they have been buying warehouses and factories at a rate which has supported industrial yield levels—and even driven them down—at a time when office yields rose sharply.

The point is that, given a medium-term outlook, industrial property should show a steady growth pattern which more than matches that of office rents. The fact that industrial rents are comparatively so low (in a typical provincial town prime office space costs four times the equivalent quality warehouse rent) is a point of strength. A 20 per cent. rise would see a typical office rent lift from £4.50 to £5.40, but a similar rise on an industrial rent of £1.20 would bring it up to only £1.32. The one could be a stumbling block even to a healthy company: the other is unlikely to be.

In the medium term, therefore, the institutions are betting on a return to steady "real" growth—and they are unlikely to be wrong. But for the next 12 months the industrial letting market continues to be a tenants' playground where rent is not one of the restrictions.

**Christine Moi**

# Costs pegged by fierce competition

ONE DAY *the builders will* want their profits back. Though clients have, over the past three years, seen unprecedented increases in their building costs, for around the last 18 months many of them have been *shielded from the worst effects* by the fierce competition for work in a threatened construction industry. Of those tendering on industrial property contracts some are simply anxious to keep in business. Tendering on this basis, whatever the escalation safeguards, has always been a dangerous business and the losses, and the casualties, will continue to pile up.

At present, *with national and* local government cutbacks, with the private industrial order book picking up, but at no great rate, and with private housebuilding perhaps starting to show signs of a better return but still an extremely uncertain *market, most builders are in no* position to increase their margins. But the time must come, and in the depleted state of the construction industry it would not take much of an upturn for the survivors to start insisting *once more on building for profit* rather than turnover.

## Contractor

As it is, the smaller contractors are caught in a vicious squeeze. For as well as the fierce competition for any work from industrial clients, the larger contractors have returned to the development market in force. On well-located *smaller sites of two to six acres,* it is the major contractor with the ability to finance immediate purchase who is at present favourite to buy and develop, waiting until the investment is created before selling to the institutions. *A limited number of* developers can still finance purchase and then look for funding, either on a speculative (still difficult) or pre-let basis. For the betters sites, the ability of the smaller contractor or developer to agree funding before *purchase is being eroded.*

So, from the contractors' view, there is a contradictory market: margins are staying low, or non-existent—virtually all business is going to tender rather than being negotiated; yet it is the stronger contractor who has the financial muscle to exploit the low ebb of the market in development terms. We are back to contractor-developers in the industrial market (and incidentally also in the commercial property market to a growing extent) and the developer who relies on initial finance from others, or the contractor seeking a big brother, is at a decided disadvantage.

The reason for this unusu situation is basically the abo mal level of cost increases, to 1½ per cent. a month un midway through last year a perhaps down to 1 per cen from the client's point of vie now. *But between Decemb* and January the basic buildi cost index, on the "Buildin formula, jumped again off relative plateau it had enjoye since August last year. It w up another 1.7 per cent., wi timber (up 11 per cent.), coppe tubes (plus 2 per cent.), glazin (up 14 per cent.), bitumen (up 7 per cent.), and plas (up 2 per cent.) among the creases in a month when ste one of the key items for the mal industrial building, took month off from its successi of price rises.

From January 1975, on th basis of this formula, costs ha risen from 120.3 in January 197

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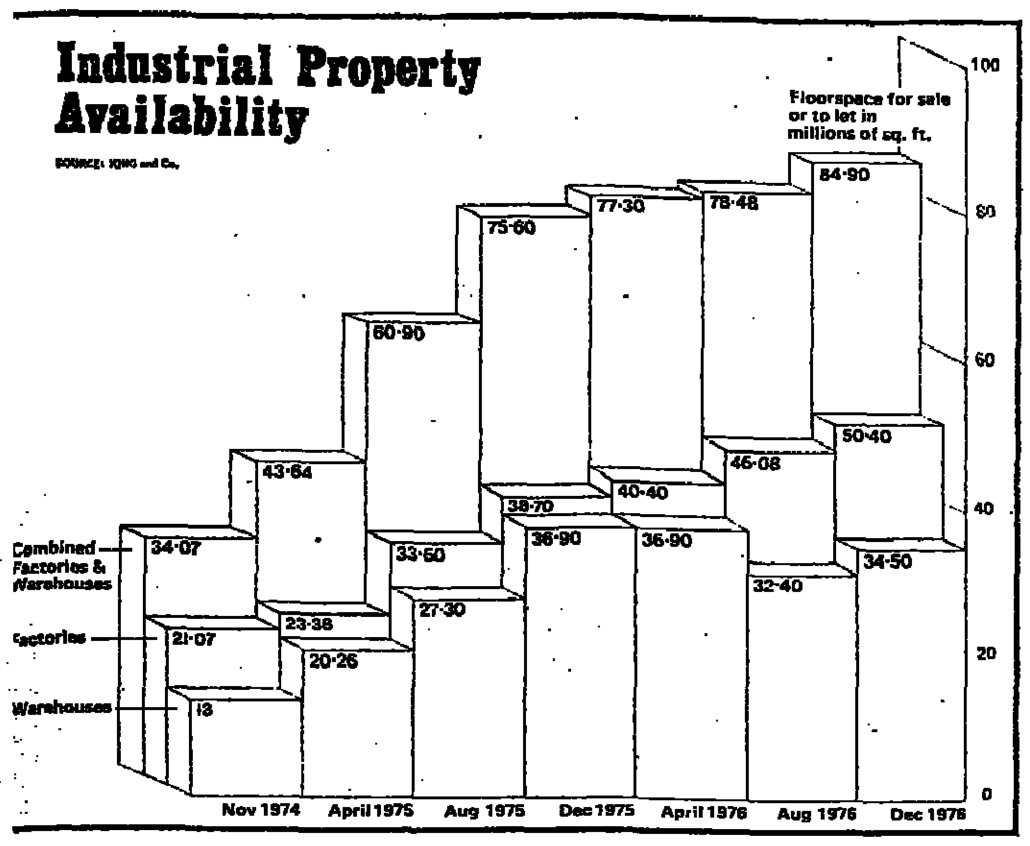
# INDUSTRIAL PROPERTY V




OVERALL TOTALS—FLOOR SPACE (in square feet)
COMBINED TOTALS
WAREHOUSES AND FACTORIES TO LET/FOR SALE

| | November, 1974 | December, 1976 | Trend |
|---|---|---|---|
| ENGLAND AND WALES Total | 34,082,800 | 84,921,000 | +149% |
| NORTH WEST (including North Wales | 5,325,000 | 13,706,000 | +157% |
| YORKSHIRE AND THE NORTH EAST | 2,627,000 | 14,099,000 | +437% |
| WEST MIDLANDS | 2,549,000 | 5,981,000 | +135% |
| EAST MIDLANDS | 1,337,000 | 3,532,000 | +164% |
| EAST ANGLIA | 295,754 | 2,017,000 | +582% |
| AVON AND THE SOUTH WEST | 1,132,000 | 3,376,000 | +198% |
| SOUTH WALES | 750,000 | 2,363,000 | +215% |
| LONDON AND THE HOME COUNTIES | 19,667,046 | 39,847,000 | +103% |

NOTES:
Exclusions from the Totals
(1) Premises with floor area less than 5,000 square feet.
(2) Premises still occupied but unofficially on the market to let or for sale.
(3) Multi-storey mill premises mainly in the North East and North West regions.
(4) "Semi-derelict" premises where it would be difficult to justify refurbishment.
Source: King and Co.

# Cautious revival in the market

THERE were one letting to m up the new year industrial operty market, it might be at of Marlborough Property ildings to Toshiba (U.K.), the al being a pre-let for 50,000 uare feet of warehousing, ,000 square feet of offices and cluding land on the four acre e for another 10,000 square et sometime in the future. he location is Frimley, Surrey d Toshiba is typical among porters in wanting a base ar London. The high ratio of ices to warehousing space is mmon on many modern velopments built to tenants' eds, though the fact that these ll be air-conditioned is usual. The price, at around a square foot overall, repre- its the sort of level at which w industrial properties must w be let (say £1.75p a square t for the warehousing ment here) in an area where nd costs are commonly in the 0,000 to £75,000 an acre nge, with prices up to £150,000 acre in special cases.

## ettings

Whether the year will ntinue to show such a propor- n of warehouse lettings to porters is a key market point. ose who believe in the ength of sustained industrial vival doubt it, with many ents reporting that at last story buildings are proving sier to move.

Even so, the survey shown re by King and Co. indicates at total vacant space in fac- ry buildings has, throughout is recession, been the major use of the rise in total vacant ace in England and Wales. t if there is comfort to be und in these tables, it might me from the low proportion, per cent., of factories built the last five years. The ware- use picture, at 51 per cent., markedly different.

The impression that the worst it of industries quitting licent factories is over is sup- rted also by a point from eatherall Green and Smith. "Companies are no longer getting rid of first-class factories. What they are moving out of is inferior stuff." The eventual fate of these huge industrial complexes, left vacant and often beyond any economic conversion to modern use, is a problem now seen on a scale not seen before in post-war Britain. Some form of demolition grant has even been canvassed and it is a problem which must eventually merit government consideration. Well-designed factories can stand the test of time (look at Coats Patons letting of half a million sq. ft. in the Patons and Baldwins Darlington plant to Carreras Rothmans) but many pre-war properties, particularly the multi-storey mill properties, now look beyond any useful life and are cluttering up the central areas of several major cities.

That, however, is a problem which could wait for more prosperous times. At present, the focus of the industrial market is very much on the rate of recovery in construction orders and lettings of modern space, this representing a better indicator of industrial expansion than the vacant possession market in older properties.

The expectations of some developers, looking to a much stronger letting market at the end of 1976, were not fulfilled. Nevertheless, there does not yet seem a danger that what new space is coming on stream is sufficient to further weaken rents as this space, where it is speculative, is added to unlet units left over from the boom years. Much of this overhang is anyway badly located, a legacy from the time when many inexperienced developers believed that any site with even moderate access to a motorway was suitable for a trading estate.

The strength of the specialist public company developers has been acknowledged by the Stock Market and may be further advanced by the valuation due from Slough Estates (results due at the end of next month). A doubling in U.K. rental income in two years from 1974 to 1976 is one measure of Slough's strength, and Percy Bilton looks set for a similar spurt (it forecast another £2.45m. from rent reviews by 1979).

Bilton, like Slough with the old Suttons Seeds site at Reading, has a major new estate, the 35 acre former Lamson Industries site at Uxbridge which it bought through the issue of £2.5m. worth of new shares in the autumn. As well as the existing factory space, new buildings have been started on with factory/warehouse units from 6,000 square feet forecast for the late summer.

It may be no coincidence that these major public company developers, along with Brixton Estate and Allnatt London Properties, have concentrated their programmes in the south. The take-up of space in the Midlands has, in the past year, been reported as improving, but in the North West there is a clear over-supply, particularly in areas like Merseyside. The exceptional road network of the region has produced some highly successful warehousing estates, but in a survey which showed new industrial developments "severely restricted with no overall indication yet of an increase in building activity," Edward Rushton Son and Kenyon noted that while there continued to be a steady level of sales or lettings, these were outpaced by companies vacating buildings.

Developers there, and also those in Yorkshire, the North East and Scotland, have become acutely aware over the past two years of the size of the Government's building programme and many are critical of the continued spate of new factory units being produced (partly, it has been said by the Department of Industry, to ease unemployment in the short-term by providing construction jobs). Whatever the complaints of unfair competition from developers the Government programme has had an impressive record in helping to attract industry to new locations. As long as it continues at its present rate, it will inevitably reduce the private sector activity in these areas. One doubts whether anyone will ever again, as Ronald Lyon did in Scotland, exceed the size of the Government programme single-handed.

## Insistence

Perhaps it would take a quite different economic climate for any developer to produce low cost speculative industrial units with quite the same gusto as Lyon did. The insistence on pre-lets before construction may have eased slightly in the last year, but there is still considerable caution being exercised by developers on the whole being prepared to take more chances.

Their policy of building now for an economic recovery which does not look like developing with any great force until the end of 1978 may still yield returns well before then for the favoured areas of industry. But the investment plans from major industrial groups do not affect the letting market immediately. It is the smaller companies supplying the major groups, plus the distribution needs of manufacturers, which make up most of the letting market and there is inevitably a delay before this demand shows through.

On balance, however, the market in modern industrial property looks well balanced at present and further favourable economic news, implying increased demand and higher rents, could well provide a fresh impetus to development in the last half of the year.

Q.G.

# Costs

CONTINUED FROM PREVIOUS PAGE

(the base point of 100 was December 1973) to 166.9 last month. The way prices have gone, some observers would say mad, is perhaps best exemplified by the cement market, where news of a fifth price rise within a year is matched by this week's announcement of pre-tax profits of Associated Portland Cement rising from £22.5m. to £42.5m. If the producers can get the benefits of rationalisation, what about the users?

Many of the larger contractors have, in fact, survived the British recession well in terms of overall profits, but only because foreign earnings are making up an increasing proportion of the total. The fight for business at home is illustrated in the scramble for the sparse amount of building being commissioned by developers. "If we make a planning application we expect 50 or 60 inquiries," says Richard Upton of the Ashville Group, and plenty of these will be suggesting partnership deals.

This form of building finance is being increasingly used by some developers, the sort of arrangement being that a company with a two-acre site, perhaps worth £100,000, will join with a builder who projects costs around £10 a square foot and finances the work himself, the partners sharing profit from selling the investment on an agreed basis. In such a case the partnership may not involve the builder in sticking to a fixed price contract, since any overrun is also against his final interest.

But the most logical partnership, between the development and contracting arms of the same company, is the one most evident in the industrial property market at present, with Laing, Taylor Woodrow, Wimpey and Trafalgar House among the leaders.

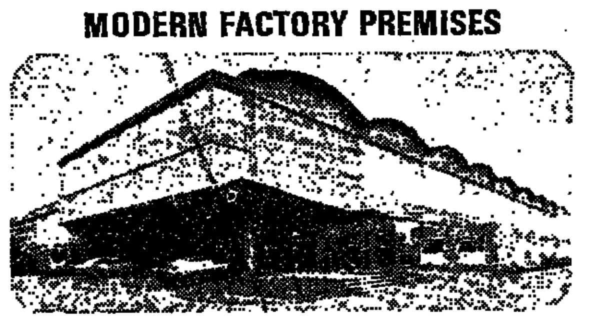
Their increased activity indicates a belief that industrial rents must move forward to take account of cost increases. Over the last two years the depressed state of demand has allowed no such compensation for inflation and in few cases has a depressed land market compensated in terms of total cost.

Nor does there appear to have been much change in building times during a period when the pressure for quicker completions, because of high interest rates, has been stronger than ever. The study, published by Slough Estates, detailing why industrial building in Britain takes longer than in almost every other industrialised country, provoked some opposition among contractors. But a study day organised in November by Hillier Parker May and Rowden illustrated that there was a broad measure of agreement with Slough's findings and that the culprits for delays are not thought to be restricted to the usual targets of sluggish bureaucracy and slow builders. Nevertheless many developers insist, particularly with foreign clients considering Britain as a base for a factory but prepared to go elsewhere in Europe, that the around 12 weeks to gain an IDC, plus perhaps four months for planning consent, is an aspect of planning control which has lost Britain potential investors.

Q.G.



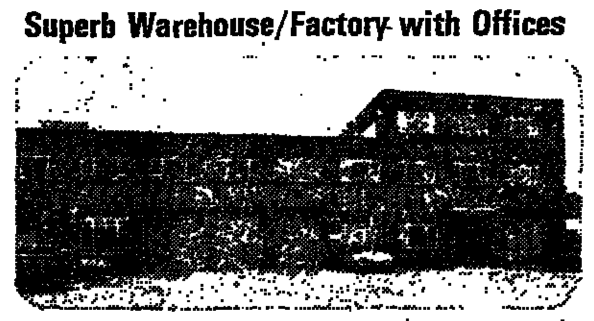
















# Narrow yield gap may be shortlived

INVESTMENT YIELDS on industrial and warehouse property are now nearer those offered on offices and shops than at any time for many years. This not only reflects a view on the immediate prospects for industrial rents but also a longer-term debate within the property and investment worlds about the relative rating of industrials.

Traditionally, industrial investments have been rated on a much higher yield basis than offices or shops. In 1960, for example, prime industrials could be bought on a 10 per cent. return, while the rate for top-quality offices was 7 per cent. The gap narrowed during the late 1960s and reached a low of around two points in 1970-71 when industrial yields came down to 8½ per cent., and office rates were about the 6½ per cent. mark. This was a period when certain institutions, in particular property bonds and some pension funds, showed their first real interest in industrials and pushed up demand for prime properties.

During the boom period of 1972-73, the gap widened. Although industrial yields dropped to a low of 7½ per cent. for a time, the pressure on top-quality offices, especially in the City of London, was even more intense with returns falling to a low of 4 per cent. Since then, the yield gap has narrowed noticeably, especially in the past year, with a margin of around two points quoted recently, and even narrower for top-quality industrials.

Habitat's modern warehouse, offices and showroom complex at Wallingford in Berkshire.

The long-standing discrepancy has reflected a view of the relative rates of return and attractions of industrial investments. The argument for a higher yield basis is essentially that returns on industrial property are less certain since factories and warehouses can become old-fashioned and unlettable more quickly than other types of investment.

On this view, industrial buildings soon become out-of-date because of changes in design and transport requirements—as the large amount of derelict industrial property in parts of Inner London shows. It is also maintained that industrial property can often be inflexible and tied too much to a particular occupier to be easily relettable.

Moreover, the precise location may be less important for a factory or warehouse than for offices or shops which have to be in a particular site in a city centre. This means that the scarcity value element is smaller, making land a smaller proportion of final value than for other commercial premises.

There are connected doubts about the quality of covenants in industrials and about the greater fluctuation in demand for industrial premises which can make renewal of leases or increasing rents at review more difficult.

The performance of industrial rents has been very patchy, both over time and geographically. In the early 1970s, industrial rents tended to lag behind the rapid growth in office rents, particularly just outside London.

Since the end of the boom in 1973, industrial rents have held up rather better than almost all other categories of commercial premises, excluding perhaps certain "decentralised" offices outside London. Indeed rents from many industrial buildings continued to grow in 1974 and 1975, though there was a decline of between 5 and 10 per cent. last year for some industrial space in London and the south east. The more general pattern has been for a levelling out in rents.

It can be argued that if a *five-year perspective is taken*, industrial rents have lagged behind those for other premises. Department of Environment data for the period between 1970 and 1975 indicate an average rental growth rate of 9 per cent. a year compared with 31 per cent. for decentralised offices and 12 per cent. for shops and provincial offices.

The reply of the supporters of a re-rating of industrials covers both the *general* arguments over their quality and specific issues of rental growth. On the first point, it is argued that modern standard units are designed to be flexible and allow alternative uses and renovation. Hence a recently constructed single-storey unit is completely different from an old-fashioned building in an inner city area with a limited access.

Moreover, it is also argued that the locational argument for a higher rating of industrials is now less significant than it was since the motorway system has meant that certain districts have become prime industrial and warehouse locations which will last for some time.

The rental growth figures quoted above are also disputed, both on the grounds that the base date is artificially unfavourable to industrials and that the rental growth of units most likely to be bought as investments by institutions, in south-east England, has been higher than quoted. It is argued that the increase in rents in London and the south east has fully matched that for almost all categories of office.

Figures quoted in a recent review by stockbrokers Panmure Gordon indicate a gross capital return (taking account of both rents and yields) of 14 per cent. a year for both City of London offices and industrial property in the south east between 1960 and 1976. The comparative returns are 13 per cent. for West End offices, 11 to 12 per cent. for provincial offices and 10 per cent. for shops.

## Recognition

A recognition of these longer-term points has been reinforced by the more immediate prospects. It is argued that when demand for industrial space picks up, as it is showing signs of doing, rent levels may start moving up, perhaps more next year than this. The increase in building costs will *underline this* pressure.

Consequently a number o leading agents, such as Richar Ellis and Jones Lang Woottoi have argued that there is litt evidence to support a yield ga of 2 to 3 per cent. on industri property in view of the stabilit of rents during the recession an the letting prospects now. I has also been argued tha rental growth could be greate for industrials than for shops and provincial offices in the next few years. Thus, while a yield gap of some kind may be justified, the case for a re-rating for top-quality industrials, is strong.

**Peter Riddell**



# Role of the institutions

THE INSTITUTIONS' appetite for industrial property has been on the increase in recent years. And there are a number of reasons for this, not least that the industrial end of the property sector has been far less volatile. The great scramble for office and shop properties has evaporated and, while there is still a healthy demand for prime property of any kind — though not secondary property — the industrial end has managed to remain fairly stable.

Originally, the great attraction of industrial property has been the higher yield — historically, around 2-3 percentage points above that obtainable on office and shop properties — and now there is the added bonus of there being the very real possibility of substantial rent increases when the economy picks up.

The old argument against industrial property has been that buildings in this category reached obsolence far more rapidly than offices and shops. This is no longer true. Most of the new industrial property is of a far more adaptable and durable nature and wholly better designed. So that argument has disappeared.

Also, there has been very little new industrial development and, when the economy picks up, there is little doubt that demand will chase industrial rents higher. At the moment, few companies are expanding but when growth is re-established it is widely predicted that this will have a fairly dramatic effect on values because of the undersupply.

## Arguments

There are other arguments too, in favour of industrial property. One is that there is a much closer relationship on industrial, rather than office property, between building costs and rent. On office property if, say, it costs £60 per square foot to build the required return in rental terms may reasonably be 10 per cent., or £6. Taking rental at £20 per square foot, there is a margin of £14 between the two figures.

With a warehouse, it may cost only £10 per square foot to build. The rental would probably be of the order of £1.50 per square foot which, if related to the same 10 per cent. return, would amount to only £1. Hence, there is only 50p difference between the two figures and the defensive cushion is that much closer.

In this context, rental growth on industrial property has been that much more consistent. Office rents in London climbed dramatically at the beginning of the 1970s but have subsequently receded—a trend that has not pleased the institutions. On industrial property, rents have gone from something like £1 per square foot to £1.25, to £1.50, to £1.75, to finally £2. At worst, rents have slipped back in the current recession to £1.75 —a tremendous difference from the setbacks of pounds per square foot experienced in offices and shops. In other words, the trend has been towards steady rather than spectacular growth.

Those institutions still attracting funds—that is, mainly the pension funds and insurance companies, rather than the property bond groups or property unit trusts—have a problem. It is possible to put new money into gilt edged securities, on deposit or play the money market. At present, it is quite feasible to obtain a 14 per cent. return on cash. That percentage is a long way from the 6 per cent. return available on office or shop property; but not so far from the 8-9 per cent. available on industrial property, with the possibility of growth later.

The actual percentage increases in the proportion of property funds devoted to industrial property has definitely increased. This has not so much been dramatic, as marked. Bearing in mind that most funds have a considerable cash element in the portfolio, the average industrial property content would appear to be of the order of one-fifth of total, having in most cases been increased from 10-15 per cent.

The increases have been seen mainly in pension funds and insurance companies which, at present, are experiencing considerable difficulty in placing the funds in the market. The property bonds and the property unit trusts— the latter catering for those with tax-exempt status, such as charities and pension funds—have not been so active purely because the inflow of new cash has not been that wonderful.

Where the property bond and property unit trust groups are dealing in industrial property it is mainly in the young or, preferably, brand new property. The maximum age of *industrial* property deemed suitable for the institution is ten years and no more. Far more attractive is the property five years old, or younger.

## Attractive

There is one other factor that makes industrial property development especially attractive for certain categories of institution—and that relates to tax. An insurance company, for example, is in a position to claim 54 per cent. of industrial building costs as tax allowable. The same does not, of course, apply to pension funds and property unit trusts which are tax-exempt, anyway.

All in all, the institutions have returned to a more conservative line and the era of property speculation, for them at least, appears to have passed. The investment objective of most institutions is to aim for a steadily rising income with, if possible, the prospect of capital growth. The best chance of achieving that happy state in the property sector would appear to be in the industrial end of the market, especially since when the U.K. economy does take a turn for the better it is here that the first benefits should appear.

**Keith Lewis**

# A mixed recovery on the stock market

E INDUSTRIAL END of the perty sector has never ex- y been the glamour side of business and in the heady s of the early 1970s it was shares in those companies ch concentrated in offices t saw the bulk of the action. versely, it was those same res that tasted the worst of other side of the switchback the way down.

he relative stability of the ustrial property companies' nings has not been lost on analysts and the shares in se companies, while volatile, e held up reasonably well in bad times. In the latest ket recovery they have had ixed performance.

y way of a background, since ember 1 last year up to the inning of this month the ancial Times Actuaries All- re index had moved up n 122.31 to 168.66, a gain of per cent. The Financial ex, which includes the pro- ty companies, has gained by htly more than 39.2 per cent. the property index itself, ch incorporates representa- s from all sides of the perty business, has jumped by no less than 73.5 per cent. over the same period.

Of the individual shares in the industrial end of the business, the best performance has come from Brixton Estates with a gain of almost 100 per cent. over the three months. Slough Estates has more or less matched the Property Index. Allnatt London Properties has risen by 37 per cent. and Percy Bilton, the darling of the sector, by 25.4 per cent. The latter two both appear unexciting, but, then, they never fell by as much as the others in the sector in the first place.

The profit records stand up well. Of the four companies mentioned, only Brixton Estates has seen any sort of setback in profits in recent years. In 1970, Allnatt's pre-tax profits were £1.24m.; in the year ending March, 1976, the comparable figure was £2.26m.

Bilton has gone from strength to strength since it came to the market in 1972. Its profits for that year amounted to just under £2m. and in 1975 the figure was nudging £5m. The last half-year report in September showed profits of £2.7m.

Slough Estates, too, has shown good progress, having more than doubled its profits over the past five years. Profits at the half-way stage in 1976 were over £3m.

The merits of industrial, as opposed to commercial, property have been stressed recently in a number of stockbrokers' circulars on the subject. In a survey last year, Greene and Co. pointed out that rental levels in general had shown substantial growth over the past ten years but added that "industrial property has, if anything, shown growth in rents comparable with that of commercial property and in some cases higher growth as well as stability."

A study by Vickers da Costa last year stated that "investment in industrial property by property investment and development companies has considerable tax advantages over investing in office or shop property." The author's view that "the relative strength of industrial property shares against the property sector should continue" has indeed been borne out by events.

Both Percy Bilton ad Slough Estates appear as "buy" recommendations in a more recent survey by brokers Panmure Gordon. The longer term prospects for Bilton are described as being "excellent." The summary predicts that, for Bilton, "property investment income will show growth due to the substantial reversionary potential in the portfolio, with the group forecasting an increase in net rents of £1m. in 1977 and £0.6m. in 1978, at current rental levels." It goes on to say: "The group is also in a position to expand its development programme when demand for space from industry shows signs of permanent improvement, due to its impeccable financial position." The group had total debts at the end of 1975 of £24m. compared with shareholders' funds of £25.2m.

Of Slough, Panmure's report says that the company is well placed to continue "a reasonable development programme, both in the U.K. and overseas. Future income from the existing portfolio and development should result in a rising trend in profits." Slough's debt (net of cash) is rather more modest than that of Bilton, being in a ratio of 28.2 per cent. compared with the latter's 82.4 per cent.

## Optimism

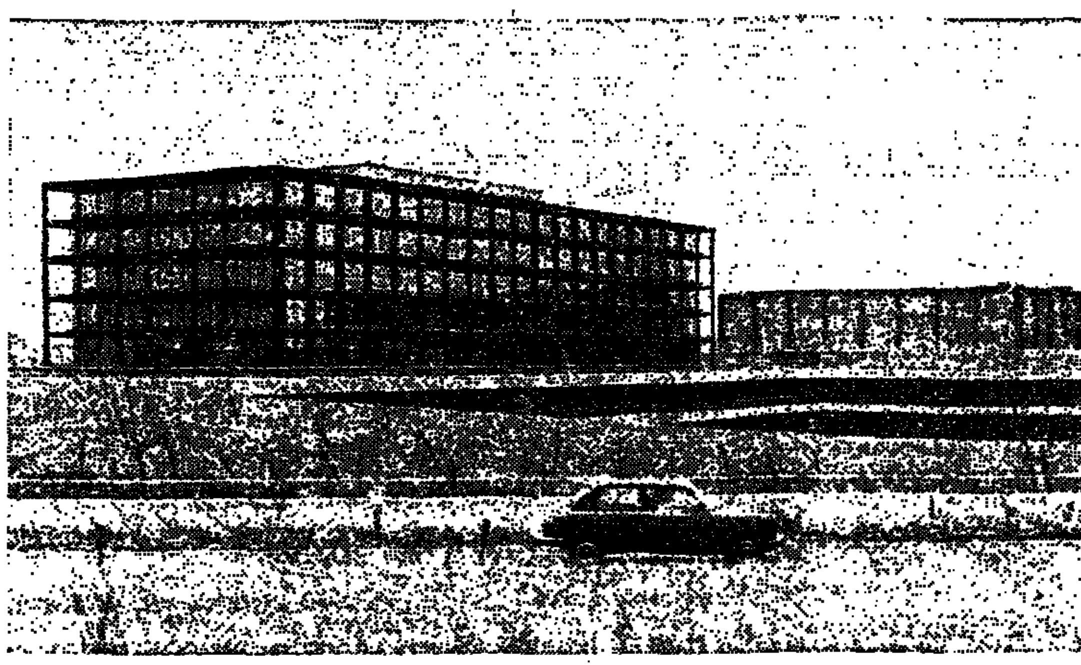
All the companies specialising in industrial property have themselves ventured some optimism, albeit guarded. At the interim stage last September, Brixton stated that it had detected a "definite improvement in the property investment market in 1976 with yields falling." The company also warned that the letting market in the U.K. and Europe at that time was still sluggish, though said that as industrial leases were coming up for renewal it had been possible to negotiate substantial increases.

Around the same time Bilton was also saying that the market had improved and that shareholders would be seeing another increase in profits in 1976. A day later Bilton announced a £2.5m. property acquisition which is expected to yield an immediate substantial increase in rental income. Taking advantage of the increase in issued capital to pay for the acquisition, Bilton also obtained Treasury consent to raise its dividend—another factor that has kept the share price relatively buoyant.

A month earlier, in August, Slough was beginning to feel the revival and provided shareholders with the comforting prediction that profits would be up and that the dividend would be increased by the maximum amount in 1976. The proof of that pudding will be provided next month with the preliminary figures.

Whether the latest burst of strength in these shares will be sustainable is, of course, another matter since a lot of the good news has presumably been discounted by the market some time ago. In a month, Allnatt and Bilton have risen by 8 per cent. in the market, while Brixton has risen by a spectacular 31.5 per cent. and Slough by 17.5 per cent. But then that applies, too, to the sector as a whole which, according to the F.T. Actuaries Property index has gone ahead by some 23 per cent. compared with the All-Share's more modest rise of 8.6 per cent. It is also worth remembering that it is customary in a full market phase for the financial sector to be the vanguard.

**Keith Lewis**



*Wills' major new project at Hartcliffe in Bristol.*

# Realism returns

IF YOU ASK Bryn Turner-Samuels, who recently retired as managing director of Percy Bilton, what is the single most important change to affect industrial property development over the past 15 years, it comes as a surprise not to hear him mention some aspect of building design.

In fact, he says, the changes in building design have only been slight. Yes, there have been alterations to loading bays in order to accommodate articulated lorries, and eaves heights are taller. But, buildings put up in the early 1960s still serve quite happily for industry.

"It is a mistake to think that because industry is changing the buildings which house it are also changing." Even in the next 10 years, Mr. Turner-Samuels does not see very much more change in industrial building design. There may be more space needed for car parking which could drive densities down a bit further (say from 45 per cent. to 40 per cent.). And eaves heights could increase — though heating costs would inhibit this. These are all minor details though. The single factor he highlights as having the most important effect on industrial development is a change of attitude.

"This country is finally beginning to learn that we live off industry. Fifteen years ago, industry was there all right, but it was just an inconvenience: something noisy and smelly which we had to have because it was around. Now we're having to relearn the Victorian lesson that where there's muck there's brass."

Mr. Turner-Samuels believes that the effects of this change of heart could be radical. He expects to see "office and industrial yields cross over" in the near future, making industrial property the most popular investment medium outstripping offices in terms of value.

His reasons are cogent. Institutional investors, he believes, are beginning to realise that their traditional dislike of industrial property was based on a misconception. The traditional disbelief in industrial accommodation as an investment medium had not a little to do with the after effects of the economic depression of the 1930s. "According to this folk lore the word 'industry' meant mills stuck out on the moors" and for most people these were the buildings most vulnerable to economic downturn.

On top of this, institutions also believed that industrial buildings dated rapidly and were obsolete in 25 years. Again, they were identified with the multi-storey mills of the previous century. And finally, rent reviews did not look so good on industrial property as on offices.

Mr. Turner-Samuels blames industrial developers for not selling their product hard enough for not explaining that their buildings were of better construction, more adaptable and geared to more reliable covenants, as well as being supported by greater demand, than offices. They should have been pointing out that industrial buildings are as basic as agricultural land.

## Demand

"Farming is an industry people are happy to carry on outside. All we're doing is, because people won't produce turbines in a field, we're putting a weather cover over their heads. In post-war years factories have ceased to be special buildings. Now they are merely wind envelopes."

They are, in fact, the least specialised of all types of building—and therefore the most adaptable and attract the widest diversity of demand.

Offices always have problems attached to their sites which heavily determine how efficiently the space can be used. In any case they have a high gross-to-net space ratio. Factories, on the other hand, are rarely laid out on awkward sites and to all intents and purposes "gross equals net" space.

Even warehouses have idiosyncracies such as unusual eaves heights or special requirements for loading bays. In fact, contrary to the accepted wisdom, Mr. Turner-Samuels believes that factories are a much better form of investment than warehouses.

In particular, he points out the strong ties between tenant and landlord in a factory as compared with a warehouse. Tenants can vacate warehouses as simply and quickly as they

CONTINUED ON NEXT PAGE

# Injecting fresh life into the derelict acres

ACCORDING TO the official classification there are some 107,000 acres of derelict land in England; that is, land formerly used for industrial purposes which to-day stands idle and in a state of decay so advanced the land can not be used at all in its present state.

A moment's reflection suggests that the real total is almost certainly very much higher. Telford New Town, for instance, was largely built on such land. It has the dubious distinction of 5,000 acres classified as derelict. A recent investigation into the problems of wasteland bought by the GLC for housing threw up a figure of 1,700 acres on which contamination has caused particularly grave problems. The British Steel Corporation admits to about 10,000 acres of wasteland, only half of which is officially designated as derelict.

Many major cities are still carrying out studies of their traditional industrial areas in order to pinpoint derelict sites. On top of this more land becomes derelict each day as old mills and forges, airfields, gas holders, chemical works and factories are closed down. And these are in addition to land made unusable by mining, tipping, and quarrying.

It is probably not far from the truth to suggest that some 300,000 acres of land in England are derelict.

Harold Wilson was even able to snatch respectability for some property developer acquaintances a few years back by drawing a distinction between land reclamation and property speculation. As a result, up and down the country slag heaps are being turned into mini ski slopes, or stabilised and planted with trees. Old gravel quarries throughout the south east have been reinstated as wildfowl reserves and boating lakes. But not all derelict land is suitable for recreational purposes and, indeed, the crying need is for the land to be used again for industry.

This particularly applies in the inner cities where the politicians have just woken up to the damage caused by the slow erosion of jobs created by their anti-redevelopment attitudes over the past 20 years.

Replacement of lost employment opportunities is a top political priority and incentives and grants have been stepped up to encourage the transformation of the country's eyesores into job centres again.

## Expensive

The trouble is that—as the GLC has found to its cost—such transformation is expensive. Certainly it has been found profitable to level slag heaps: the extravagant extraction methods of the past have left sufficient recoverable material among the slag to cover the cost of removal. But few other types of dereliction are so easily paid for.

In the heyday of commercial development, exciting shopping centres were built on disused railway station sites, but more schemes suffered the problems typified by the redevelopment plans for London's docklands. They were finally wiped out by the twin onslaughts of sheer size and therefore cost, and planning delays.

To-day, virtually no major "land reclamation" scheme is commercially viable. So the real future lies in the hands of government bodies of one sort or another to regenerate the country's worn out industrial land.

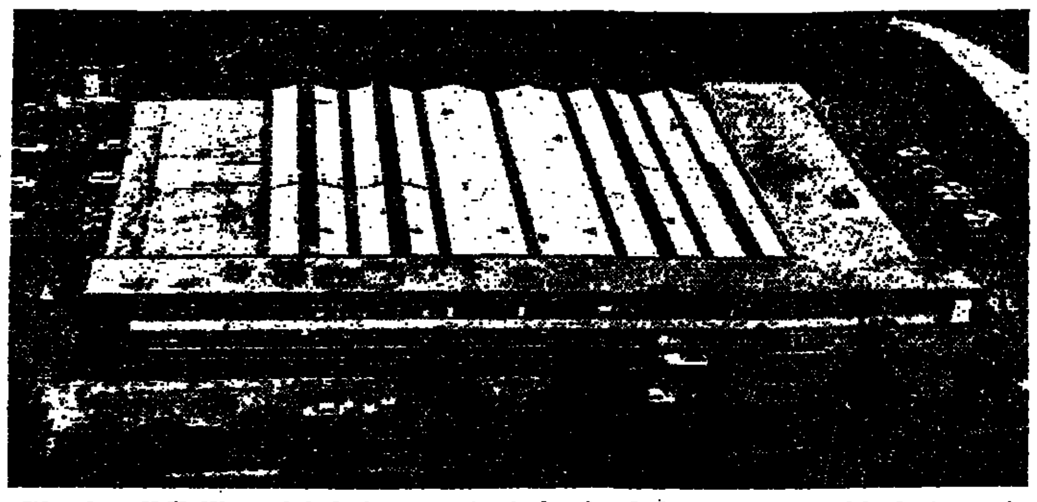
One such programme is being undertaken by the British Steel Corporation. In October 1975 the BSC set up a new company BSC (Industry) Limited with the intention of attracting "new industry to areas where steelmaking jobs are disappearing as a result of the Corporation's modernisation programme."

The purpose, then, is to create employment; the side effect is to clear derelict land and redevelop old steel works. The magnitude of the task is clear if one adds that the current programme covers some 1,500 acres on which the value of the works to be carried out is some £100m.

Not even British Steel has in-house resources on this scale. The individual projects which make up the programme will involve the Welsh Development Agency, local authorities, regional development grants from the EEC, special incentives under the EEC's Old Coal and Steel area funds, the *Scottish Development Agency*, and the Government-sponsored English Industrial Estates Corporation. British Steel's own budget last year was only £5m. and this year will be less.

British Steel's role apart from owning the sites, will be to carry out some of the clearance work, such as demolishing old buildings, and to provide the marketing expertise to attract industry to the new buildings which will be developed on them. On Tuesday, the U.K. marketing campaign was launched, and this will be followed later by major drives in Germany and the United States, plus a limited campaign in Japan.

British Steel is also carrying out a joint feasibility study with the Coal Board on derelict land outside its own programme. And here too, EEC regional development grants are helping to the tune of half the study cost.



*Weatherall Hollis and Gale has acquired the freehold interest of this factory at West Park Ring Road, Leeds.*

In its own programme, the most advanced and interesting scheme is at Ebbw Vale. The closure of part of the steel works there will mean the loss of some 6,000 jobs. But there was the added problem that the works itself would not become free for demolition for some years—by which time the first groups of men would have been unemployed for some time. Space for new building, however, in the narrow Welsh valley, was at a premium.

In the end, the local authority and British Steel have carved new land for the first phase out of the desolate hillside. Slag heaps and a brickworks have also been cleared and the land sold to the local authority. The first phase has been a success in terms of job creation. Over 1,000 jobs have been saved.

Now, the Corporation is building some small nursery factories in the area and the local authority is planning to carve another similar site out of common land nearby.

On Deeside, the main work is concentrated on altering a disused airfield for use by industry. At present the site, which has been grassed over, looks like good agricultural land. In reality, it is taking £10,000 per acre to raise the land above the water table level. British Steel admits that they are doing this only to increase employment in the area. Otherwise it would not be economic. At best they expect to break even.

At Hartlepool the plan is to redevelop an 18 acre site where a steel plant has already been demolished. The costs involved are very high; even after the demolition it will cost £16,000 an acre to fill in cavities in the land and make it ready for building. Other aspects of the project include levelling a [illegible] acre slag heap within a mile and a half of the town (though here the gains from scrap separation will cover the costs), and the sale of spare agricultural land to the English Industrial Estates Corporation in return for advance factories.

Other large projects are in hand in Scotland, at Cambuslang and Motherwell just east of Glasgow, and in Cardiff where the scheme involves filling in some 800 acres of the marsh foreshore with the help of the Glamorgan County Council.

At present the company is not operating as a developer. After clearing the ground it usually sells on the land to a local authority or statutory body to carry out actual construction. However, it has not ruled out development. In fact, it has one site where a 50,000 sq. ft. factory would immediately attract a major tenant, but this is held up for lack of long-term funding. So is another site where a 52,000 sq. ft. building could be custom built. Partnerships with pension funds are obviously on the cards for the future.

The scale of the projects BSC (Industry) is engaged upon, worth £100m. yet representing only 15 per cent of the Corporation's total wasteland, highlights the enormous task involved in regenerating the country's derelict land.

**Christine Mo[illegible]**



# Realism

CONTINUED FROM PREVIOUS PAGE

can offices. They rarely have fixed capital investment tied up in them. In a factory, on the other hand, the tenant's capital investment in plant is enormous. He cannot move easily or swiftly, and when he does the disruption factor is a major one.

Why then have warehouses been more popular than factories? Mr. Turner-Samuels believes they became popular for reasons other than true investment reasons. Politics lay at the heart of it. The introduction of Industrial Development Certificates meant that developers were unable to build speculative factories where they knew there would be a demand. But they were able to build warehouses in those popular areas. So they got on with building the latter.

And, of course, they were proved right as demand continued to support all the building programmes which could be embarked on. What was lost sight of was the fact that there would have been equal demand for factories in the areas where industry logically wanted to be but *politicians refused to let* them.

Now, all the attitudes are changing. Politically, investment in industrial buildings looks more and more attractive and this will accelerate with worker participation at Board levels. Already the big trades unions are beginning to put pressure on their pension funds to invest in industry.

Industry's own outlook is changing. Following the squeeze on liquidity created by this recession, industrialists will be less willing in future to tie up their capital in bricks and mortar. Instead, any spare liquidity will go into renewing or expanding production facilities. This will only support and enlarge demand for factories for rent.

## Warehouses

Changing work patterns are also reducing the differences between warehouses and factories as far as employment levels go. Whereas once factories were labour intensive and warehouses very understaffed according to their floor area, this is now altering. Employment in factories is *dropping with automation*, employ higher and higher numbers of ancillary workers such as van drivers, maintenance men and administrative staff.

There are also growing changes in the relationship between administration and production. More and more manufacturers require office space ancillary to their production areas to maximise efficiency of administration.

All of these factors, plus the greater emphasis on environmental controls (which mean that heavy industry is far less *obnoxious* and anti-social than it was) are eroding the dividing line between white collar and blue collar occupations. Planners of the future may not need to divide off heavy industry into isolation areas as they have hitherto.

The trouble is that these lessons are slow to be learnt because the majority of politicians, *investment managers* and even property people do not live in the industrial world. "When a politician tours a warehouse all he sees is the empty building. He doesn't know about all the staff who are out on the road."

It is partly for this reason that legislation is passed which hampers industry — like IDCs. But "there is nothing new in that. Elizabeth I passed legislation that London should not expand more than two streets beyond the Square Mile. Perhaps she thought she was King Canute."

Now, Mr. Turner-Samuels can see a new realism returning. Investment in industrial buildings will prove not only sound from a commercial point of view but also politically acceptable.

In the short term, however, Mr. Turner-Samuels does not *hold out great expectations on* the rental side. "Over the next 12 months I cannot see rents going ahead very fast, though there may be slight increases due to the pressure of building costs."

This does not upset Mr. Turner-Samuels in the least. "The nature of property is permanence. It is not a get-rich-quick industry. And within it, industrial property is the *marathon runner. Look at its* defensive qualities over the past three years. Longer term I can see an inbuilt George Brown *situation and this will create* substantial growth within three years."

**C.M.**

**ECONOMIC VIEWPOINT** — BY SAMUEL BRITTAN

# An alternative strategy for recovery

*There is a tide in the affairs of men,*
*Which, taken at the flood, leads on to fortune:*
*Omitted, all the voyage of their life,*
*Is bound in shallows and in miseries.*
*On such a full sea are we now afloat,*
*And we must take the current when it serves,*
*Or lose our ventures.*

T IS NOT often in the past few 'ears that such a tide has been liscernible in the affairs of the J.K. It is doubly irritating that vhen it appears it should be lisregarded.

There is no need to exaggerte. No magic formula is visible or dissolving the economic tenion inherent in democracy or ven in the collective bargaining ystem. The possible developments could ease, for a few ears to come, some of the specially acute difficulties of he British economy. The hance of this happening may be mall. But there is still no excuse for throwing it away when he policies required to seize his opportunity are those which would in any case be sensible to ollow.

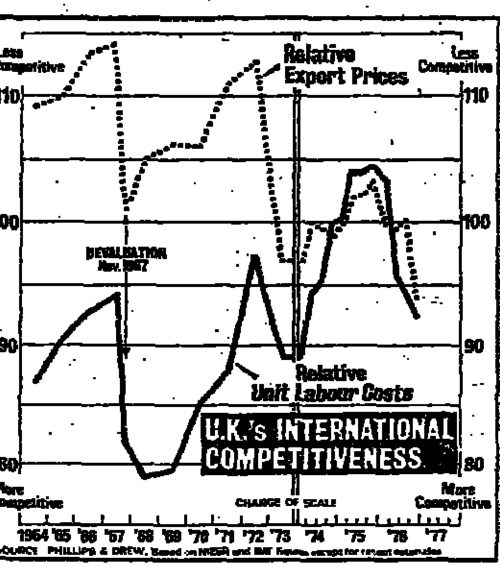
In the long-run state of full djustment there is probably no elation between inflation and nemployment either way. But here would probably be wide greement that in the concrete ircumstances of the British conomy nothing would do more o stimulate employment and inestment than a belief that the ate of inflation, so long coasting along at a still-crisis rate of 5 per cent., was about to fall ramatically.

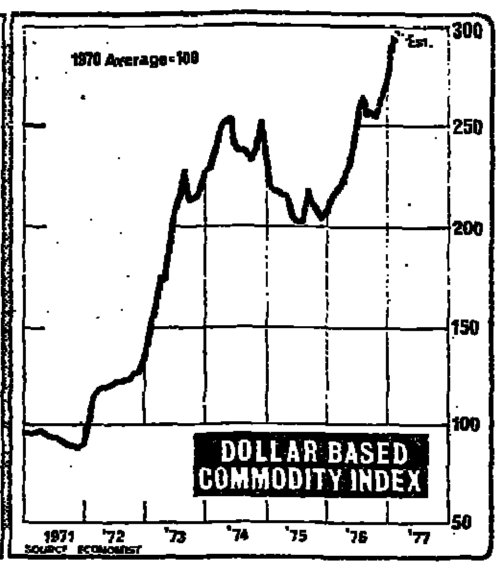
A book by Peter Lilley and nyself on *The Delusion of ncomes Policy* has been pubished to-day by Maurice Temple Smith, and explains in detail why successive "stages" of agreement with the TUC are not the key to reducing inflation and do harm in their own right. On the other hand, a real possibility of a dramatic reduction in inflationary expectations has been provided by the upsurge in demand for sterling following the IMF agreement of December and the sterling balance safety net of January.

A policy of free floating would not involve a zero accumulation of reserves. The Governor of the Bank of England spoke of $20bn. of debt falling due by 1985. Some of this can be refinanced. But if we want to err on the side of safety, there should be preannounced purchases of $2bn. per annum of foreign exchange at a stable monthly rate: foreknowledge of this would itself help to stabilise markets.

The most important determinant, both of the inflation rate and beliefs about it, is not incomes policy, but the exchange rate and exchange rate expectations. The establishment view on the other hand is that the appropriate parity depends on relative international inflation rates. The alternative possibility is that it is the inflation rate, *relative to that of other* countries, which adjusts to the exchange rate, and not the other way round. This view makes much more sense of many episodes in our recent history. Of course the exchange rate is not an arbitrary number, but itself depends on relative rates of monetary expansion in different countries and also on beliefs about future monetary expansion—as well as changing sentiment about political stability and profit-making opportunities in the U.K. Just for once, however, these underlying forces have moved in a favourable way, and the Chancellor and his advisers are trying to stop their operation. "There is none so blind as they that won't see."

The mainstream Government view is that sterling fell too far in 1976; but that it still needs to be on a falling trend




so long as the British rate of inflation is more than twice that of our main competitors. If the "right" rate in the last quarter of 1976 was about $1.80, then on the basis of the 15 per cent. official inflation forecast, it *would be a little above $1.65 at* the end of 1977, assuming no marked change in the dollar itself.

But let us suppose just for a moment that the end-1977 rate *were instead $1.90.* The official working assumption is that with an effective incomes policy, exchange rate changes affect only the import component of the price level. Even on that basis, domestic prices — then a $1.90 3 per cent. lower than now expected. If we go to the other extreme—to the belief of the "international monetarists" that exchange rate changes are eventually entirely reflected in domstic prices—then a $1.90 exchange rate would lead to a 13 per cent. improvement in the price level, that is, cancel out all the expected domestic inflation. The actual impact would be something between these two extremes; and a free rate might *not go as far $1.90. But where*ever in the range one wants to place one's bet, a better exchange rate could clearly cancel out a substantial part of the prospective inflation.

*Indeed, the shock increase in* January wholesale prices is mainly due to the delayed effects of earlier sterling depreciation, aggravated by the renewed rise in international commodity prices. The latter is much the most disturbing economic development still not taken on board by those who urge worldwide "reflation."

What about U.K. export profit margins (or the ability to quote competitive prices)? The authorities are under fire from both sides. There are those such as Mr. Bryan Gould, until recently PPS to Mr. Peter Shore, who argue that the U.K. is still uncompetitive and that even the appreciation that the authorities have allowed, is dangerous. On the other side are those in Government and the City who *voiced no pleasure* at even the earlier stages of sterling's fall last year and who would pre*sumably not be sorry to see the* rate going higher. The left hand chart shows that everything depends on the index of competitiveness used and the period of comparison.

The February CBI Trends Survey shows an increase in the number of firms worried that prices will limit export orders, although the number with such worries is still historically low. The concern suggests that industrialists have no confidence in present export profit margins, expect to see them to be eroded, and are not basing their plans upon them. In that case, why argue so hard with the foreign exchange market to maintain them?

The open question is whether any abnormal element in export margins will be eroded by a rise in domestic costs or by downward pressure from the prices side. The predominant belief is that the first will occur; but with better management there would be a chance of the second. This takes us straight *back to the Government-TUC* pay talks. Mr. Tim Congdon, in his new guise as *Messel's Weekly Gilt Monitor* draws attention to the fact that the £2.50 to £4 policy in operation since last August was supposed to be worth "4½ per cent." But earnings between July and November have already risen at an *annual* rate of 11 per cent.

The pay talks are indeed likely to affect the sterling market; and one reason why the Bank of England has been anxious to put a brake both on the appreciation of sterling and the fall in interest rates is fear of a reaction the other way once difficulties arise between the Government and *TUC*. If British spokesmen and commentators say long enough and loudly en*ough that incomes policy is* crucial, sterling holders are liable to believe it.

In the Government's attitude to the pay limit or norm, there is a trade-off between size and flexibility. Union leaders would be much better advised to fight as hard as possible over flexibility and settle for a low standard figure. A nil norm plus a supplement negotiated separately for each workplace would be a diplomatic way of shelving the whole policy. But short of that, 3 per cent. with freedom to adjust anomalies, negotiate new wage structures and so on, would be much better than 6 per cent. with an all-round rigidity. Better both in itself *and for its impact on sterling.*

**EXCHANGE RATES AND PRICES**

| | Effect on prices* at end of 1977 |
|---|---|
| 1. a. Exchange rate at 1.90 instead of 1.65 | |
| b. Official assumption that 1 per cent. exchange rate change alters prices by ½ per cent. | −3½% |
| 2. a. Exchange rate at $1.90 | |
| b. Alternative assumption that 1 per cent. exchange rate change alters prices by 1 per cent. | −13% |
| N.B. Official forecast of increase in retail prices fourth quarter 1976 to fourth quarter 1977 | +15% |

* *The above estimates assume that the exchange rates have worked through to prices and that the Green pound bonus is temporary. They also assume that the effective exchange rate moves in line with the dollar rate.*

As for the so-called tax relief side, the Government should remit as much as it can consistent with controlling the money supply (not just DCE) at non-alarming rates of interest. I would suggest a 10-12 per cent. rise in M3 to be reduced to 8 per cent. if sterling appreciates and there are signs of a virtuous circle. The IMF limit of £8.7bn. for the PSBR provides a convenient benchmark; and nothing that could happen in the pay talks would justify going beyond it. Mr. Healey has already had to take back in tax increases and spending cuts about twice as much as the "conditional reliefs" in the last Budget.

## Labour market

Wage settlements depend *inter alia* on the state of the labour market and expectations about future prices. If sterling were allowed to rise and if the implications of this were highly publicised, this would do more to dampen down money wages than any conceivable Stage *Three settlement. So too would* a consistent emphasis on the monetary limits and what they *mean by* Government spokesmen.

If North Sea oil lives up to expectations and there are a few good trade figures, it will not be easy to hold sterling down to a pre-ordained figure later in the year. But by then a lot of the impetus may have been lost. Indeed, the tide may have begun to ebb already. The alternative strategy urged here, based as it is on a free sterling float and *interest rates no higher than* consistent with modest monetary growth, is not a *gamble* and would be appropriate even if hopes for a breakthrough were disappointed.

# Letters to the Editor

## Development permits

*From Mr. B. Waters.*

Sir,—In his discussion of office location policy (February 4) Jocelyn Guildham mentions in passing the "significant technicality" that the powers of the present office development permits controls run out in the middle of this year.

It is not widely appreciated that the control of office development will cease automatically on August 4 of this year. The present control of office development took effect on August 5, 1965, for a period of 12 years or, if Her Majesty by Order in Council so provides, on such earlier date as is specified in the Order, under the Town and Country Planning Act 1971, Section 86(1), as amended by the TCP (Amendment) Act 1972 (Section 5). Thus, the Secretary of State has power under that section to impose an earlier date by which these controls shall cease to have effect but not a later one; in the latter case, new legislation would be necessary.

It also does not seem to be widely appreciated that come August 4 next, all conditions imposed under these powers, including those in planning permissions, cease to have effect unless the planning authority concerned has certified at the time of granting planning permission that the same condition would have been imposed by them.

*The effect of this is that* unless the Government passes new legislation before August 4 (and none appears to be contemplated) a considerable number of office buildings and projects will be freed of restrictions on their occupation. For the first time in 12 years it will be possible for new planning applications to be made without needing an Office Development Permit in areas presently covered by office development controls.

*Increasingly frequent* proposals from various sources suggesting some relaxation in office development control will, in the absence of new legislation, prove redundant.

Brian Waters.
The Boisot Waters Cohen Partnership.
11, Sussex Street, S.W.1.

## Do not ban the polls

*From Mr. F. Johnson*

Sir,—Is Ian Davidson (February 3) serious in advocating that "the publication of the results of public opinion polls should be banned"? If he is trying to be humorous, there is a danger that some will take him seriously and harm will be done where good was intended. If he is to be taken seriously on his word then I deplore the use of your columns to advocate the further reduction in freedom of expression.

For many years Britain has cherished freedom of speech. Thousands have given their lives for it, among other causes. It has become a tenet of the British way of life. We are now faced with restrictions on the freedom to express viewpoints on racial matters. That is bad enough but to advocate, as does Ian Davidson that polls should be banned because they may disclose "lack of popular support for its (the Government) policies" is really going too far. To ban the publication of the results of such polls is to say effectively that the Government is beyond public criticism. It is denying the right of an individual to know the beliefs of his fellows and the public from expressing its collective views. To deny the right of collective expression of the public's views, as manifest in such polls, is akin to denying the right of each individual.

To deny the publication of results is to deny each individual the right of publishing his/her disagreement with Government policy. To do this is to impose Press censorship. Are you prepared to advocate that nowhere in your columns can your contributors express differences with any aspect of Government policy?

As to the polls themselves, they are a valuable and reliable means for the Government and other organisations, both social and commercial, to update their views and to act in concert with the majority wishes of the public. Or is Government only concerned with the majority wishes in Parliament and not of the public? It is enough to make the statue of Abraham Lincoln in Parliament Square get up and walk away in disgust.

It is time that writers such as Ian Davidson, who use the freedom of expression given to them in your columns, used such freedom with more care and thought, otherwise that which he advocates may result in future in him being denied that freedom.

F. J. Johnson.
98, Woodhall Gate,
Pinner, Middlesex.

## Sale of BP shares

*From Professor T. Barna.*

Sir, — Your second leading article of February 4 refers to reports, which are all too plausible, that there is a reopening of the discussion in the Cabinet whether the Government should sell a block of shares in British Petroleum. Less than two months ago it seemed that there were good economic and financial reasons for the Government to propose a sale. It is difficult to argue that these reasons are less valid to-day.

On the other hand, there is undoubtedly opposition to the sale by Mr. Benn and others, presumably on the ground that such potentially valuable assets should not pass into the hands of private capitalists. There is perhaps the additional objection (which is not mentioned by you) that a significant proportion of the shares to be offered for sale is likely to be acquired by foreign institutions or Governments.

May I suggest the following solution? The sale could take place as originally intended, but it could be arranged so as to ensure that ownership becomes widely dispersed among the British people. The best method for achieving this would be a secondary public issue, probably at a fixed price rather than by tender. There must be a limit on the number of shares for which an individual may apply. The eventual allocation of the shares to applicants may involve balloting. As quick capital gains are not the objective of the scheme, it would be advisable to stipulate a minimum period during which resale would be restricted or prohibited. With some imagination the Government could use the Post Office, as well as the banks, to ensure the widest possible appeal to the public.

A scheme such as this should attain the objectives of the Government's original plan. Indeed, the anti-inflationary effects are likely to be greater if the shares are sold in small lots to the public rather than placed with large institutions (which was probably the original intention). Given that the Government has in any case a controlling interest in BP, would it be undemocratic to induce a large number of people to participate in ownership?

T. Barna.
University of Sussex.
*Falmer, Brighton, Sussex.*

## Recruitment practice

*From Mr. M. Alton.*

Sir,—Sue Cameron's article on January 24 bears very closely on my own experience of the Professional and Executive Register and there are some particular points which should be brought out.

The use of the computer was, to me, as a potential employer, particularly useless; based on the numbers in the "blue book" prepared by the Department of Employment it was unlikely that my matching would be particularly accurate as I did not know the numbers before I started. Indeed, a lengthy visit to the offices enabled me to go through the "blue book" and arrange for numerical changes, although the information on the application form stayed the same.

The probable reason that only 30 per cent. of applicants on PER's books are employed people is quite simply that every time a person reports as unemployed it is virtually mandatory for them to go on the PER register, if they qualify. This surely, in itself, is indication that PER is directed to a down market service providing help to a less fortunate section of the people.

Interviewing must be rather a sore point for both employer and those people registered at PER; to obtain an interview a person has to travel many miles, probably at his own expense.

More importantly, however, on one particular occasion PER directly refused to attempt to try to find out the background of a particular person whom they had introduced to me; this research would, most undoubtedly, have been given free of charge by a private agency. PER did not apparently, even have any information on its books and would only obtain it for an additional fee.

Closer amalgamation of PER and the Job Centres would certainly bring greater advantages and better value for money for the taxpayer, the employer and the employee, particularly if it was aligned even more closely with the Department of Health and Social Security to give assistance to those who can't, and persuade those who won't find work.

Lastly, a comment on the Government's "temps" scheme. From an employer's point of view an administrative failure—the staff arrive with no P45 so the whole PAYE procedure has to be opened up, perhaps for one week's employment. How the Inland Revenue keeps track of these people I shall never know. For me, the private temps system every time.

M. B. Alton.
*27, Heath Road,*
*Potters Bar, Herts.*

## High food prices

*From Mr. P. Stephenson.*

Sir,—Douglas Jay (February 3) still does not succeed in proving his assertion that higher food prices in the EEC have driven up industrial costs in Britain, and so partly account for our trade deficit.

It is in any case difficult to say what we would pay outside the EEC. Mr. Jay quotes "world prices," but as Mr. W. J. Legg points out in a letter on the same day, these are not necessarily the prices we could buy at if we really were buying in these often narrow markets.

But even if I accepted, which I do not, that in 1975 we could have bought our food for, on balance, some £400m. less, this simply shows the weakness of Mr. Jay's case. In that year total consumer expenditure was £63,000m. So £400m. less for food would, in round terms, have meant a cost of living that was 0.6 per cent. lower. Is Mr. Jay asking us to believe that if in 1975 the cost of living had risen by 21.4 per cent. instead of the 22 per cent. it actually rose, this would have made any difference whatever to the wage increase negotiated under the Social Contract or to the actual drift of earnings?

Peter Stephenson.
Labour Committee for Europe,
*Europe House,*
*14, Whitehall Place, S.W.1.*

## Co-operation in Europe

*From Mr. N. Marten, MP.*

Sir,—Sir Peter Kirk (February 8), in measuring the effects of EEC membership, mentions one benefit, namely, the joint Community stand in the Helsinki Conference.

I do not wish to belittle this in any way but such a stand, embracing other countries too, could have been achieved without the Common Market and all its works. We must aim for political co-operation in Europe on a wider base than merely nine exclusive countries.

Neil Marten.
*House of Commons, S.W.1.*

## A supply of directors

*From the Chairman, Brian Woodhead and Co*

Sir, — Lombard's comments on monitoring by external directors (January 31) are very relevant, whether or not the Bullock Committee proposals are adopted. He perhaps underrates the growth in new-style professional external directors.

I agree the problem is getting the concept accepted in the first place — the traditional non-executive director image does not help. Once appointed, no matter by whom and on whose behalf, the first-class director of experience, ability and integrity should have no problem in providing for the chairman and the Board an independent viewpoint, free from departmental and other considerations.

If a serious problem arises, he may need to co-ordinate with fellow external directors — for this reason there should always be at least two, ideally three. To avoid superficiality, and to ensure an active, recognisable contribution, external directors need to spend four days a month or more with the company, and be paid accordingly.

The supply of top-class experienced people available for such part-time directorships has never been better, and when properly matched to the situation they represent excellent value for money. Whatever may happen to the statutory position, this under-employed resource justifies closer examination on its merits as a quick and effective way to acquire experience, expertise and other benefits out of all proportion to the investment.

A. B. Woodhead.
*107, Harborne Road, Edgbaston, Birmingham.*

# To-day's Events

**GENERAL**

EEC delegation attends General Committee of Euro-Arab dialogue, Tunis.

Mr. Reginald Freeson, Minister of State, Environment, speaks at Save Our Cities conference, Bristol.

Lord Kearton, chairman and *chief executive, British National* Oil Corporation, is guest speaker at Parliamentary and Scientific lunch, Savoy Hotel, W.C.2.

Mr. John Methven, CBI director-general, gives Foundation Day Lecture on "Employee Communication and Participation" to Institute of Public Relations, St. Ermin's Hotel, S.W.1.

Mr. John Davies, Shadow *Foreign Secretary, speaks at* Foreign Press Association lunch, 11, Carlton House Terrace, S.W.1.

Dr. Kurt Waldheim, UN Secretary-General, continues Middle East mission.

Lord Carrington, Opposition leader in House of Lords, continues tour of Southern Africa.

Glasgow Airport firemen consider whether to continue their strike over manning levels.

Sir Robin Gillett, Lord Mayor of London, presides at Freedom ceremony for Lord Provost of Edinburgh, Guildhall, E.C.2.

**PARLIAMENTARY BUSINESS**

*House of Commons:* Scotland and Wales Bill, committee. Expected that detailed proposals for referenda planned for Scotland and Wales will be debated.

*House of Lords:* Marriage (Scotland) Bill, third reading. *Criminal Law Bill, committee.*

**OFFICIAL STATISTICS**

Finished steel consumption and stock changes (fourth quarter, provisional).

**COMPANY RESULTS**

Birmid Qualcast (full year). Dalgety (half-year). M.F.I. Warehouses (half-year). Scottish Agricultural Industries (full year).

**COMPANY MEETINGS**

Guinness (Arthur), Park Royal Brewery, N.W., 2.45. Serck, Birmingham, 12.30. United Spring and Steel, Smethwick, 12.

**BALLET**

Royal Ballet dance Enigma Variations and Song of the Earth, Covent Garden, W.C.2, 7.30 p.m.

**MUSIC**

London Philharmonic Orchestra, conductor Sir Georg Solti, with Andre Watts (piano) play Brahms Piano Concerto No. 2 in B flat, and Symphony No. 4 in E minor, Royal Festival Hall, S.E.1, 8 p.m.

Malcolm Wilson gives piano recital of works by Schubert, Brahms, Ravel and Prokofiev, Wigmore Hall, W.1, 7.30 p.m.



# COMPANY NEWS + COMMENT

## THF advances by 78% to record £23.7m.

A 78 PER CENT. advance in pre-tax profit to £23.7m.—a record—is announced by Trust Houses Forte for the year to October 31, 1976. At halfway the figure was £3.62m., compared with a loss of £0.96m.

At the trading level profit for the year was 34 per cent. higher at £40.5m. Turnover was up by 22 per cent. to £451.7m.

Stated earnings per 25p share improved from 6.84p to 11.75p on enlarged capital following the rights issue—as forecast the equivalent dividend total is 7.35p net (same) with a 5.6p final.

The directors report that the current year's trading results have got off to a good start.

There was a provision of £2.4m. for extraordinary items which includes exchange losses on the Swiss franc loan of £7.2m. and on other unmatched currency loans used in the U.K. of £5.6m. These losses were offset by currency gains on other overseas net asset conversions and revaluation, together with an excess of foreign asset values over acquisition cost of minority interest.

The Swiss franc borrowing was repaid in sterling in November, 1976 and substituted since by a seven-year sterling loan—as a result, say the directors, the company reduced its exposure to fluctuations in the value of sterling as there is now better matching of both overseas assets with borrowings and annual overseas earnings with interest as follows: currency borrowings £127m., overseas assets £140m., currency annual interest £10m. and currency annual earnings £12m.

| | Year 1975-76 £m. | 1974-75 £m. |
|---|---|---|
| Trading receipts | 451.7 | 369.3 |
| Trading profit | 40.5 | 30.2 |
| Profits sales fixed assets etc. | .1 | .4 |
| Financial charges | 14.9 | 17.3 |
| Profit before tax | 23.7 | 13.3 |
| Taxation | 12.8 | 7.0 |
| Net profit | 10.9 | 6.3 |
| Minority interest | .1 | .4 |
| Extraordinary debit | 2.4 | 4.5 |
| Available | 22.3 | 20.3 |
| Dividends | 7.4 | 6.2 |
| Retained | 13.1 | 14.2 |

See Lex

### IRISH LIFE ASSURANCE

The Irish Life Assurance Company reports that total new recurring annual premiums for 1976 amounted to £10.19m., an increase of 19 per cent. over 1975. New sums assured were up 16 per cent. to £166.96m.

In the single premium (non-recurring) business the Republic of Ireland figures were up 27 per cent. at £7.89m. and the U.K. were 80 per cent. higher at £1.71m.

### HIGHLIGHTS

Lex takes a look at the Government's borrowing requirements, while on the company front **Trust Houses Forte** has turned in profits some £10m. higher, reflecting a better showing in the London hotels and the impact of the big financial gearing. On the bid side **Cattle Holdings** has increased its dividend and turned in a good performance after nine months in defence of the bid from **Provident**. A sharp fall in volume on the commercial and industrial building division is the story behind the 14 per cent. fall in **Concrete's** first-half profits.

## Concrete down 14% at midterm

IN THE six months ended September 30, 1976, turnover of Concrete fell by 23 per cent. to £12.21m. and profits declined by 14 per cent. from £698,000 to £601,000.

The directors say that prospects for the construction industry in the U.K. have worsened recently and this has made it necessary to declare further redundancies affecting profits in the second half. Full year results will however receive the benefit of a proportion of the profits of the Dowsett Companies and are expected to be marginally better than those of last year when the pre-tax surplus was £1.35m.

The acquisition of the two Dowsett companies will make an important difference to the potential profitability of the group, members are told.

The interim dividend is lifted from 1.3p to 1.5p per 25p share and the maximum permitted total is expected for the year compared with the 3.146p for 1975-76.

| | Six months 1976 £000 | 1975 £000 | Year 1975-76 £000 |
|---|---|---|---|
| Group work | 10,124 | 12,191 | 25,235 |
| Sub. contractors | 2,084 | 3,800 | 7,231 |
| Turnover | 12,208 | 15,991 | 32,466 |
| Profit before tax | 601 | 698 | 1,354 |
| Tax | 313 | 363 | 711 |
| Net profit | 288 | 335 | 643 |
| Sale of land | — | — | 27 |
| Pref. dividends | 4 | 4 | 9 |
| Attributable Ord. | 284 | 331 | 662 |

**● comment**

A precipitous fall in volume in the industrial and commercial building divisions takes most of the blame for Concrete's first-half downturn. Profits have slipped by 14 per cent. pre-tax while sales have slumped by 24 per cent. Since 1968-69, when system building accounted for 60 per cent. of activity, the group has been reducing its dependence on Government spending. But the areas on which it has been increasing involvement are now suffering the same sort of depression as the public sectors. The immediate chances of an upturn therefore look bleak. By bringing in the first four months of the Dowsett acquisition in the second half the group should be able to hold full-year profits fairly steady, and the balance sheet is still showing a net liquid surplus. But with short-term profitability so dependent on the, as yet, unknown potential of the acquisition, the market is still taking a relatively cautious view of the shares, which at 47p yield a maximum 11.6 per cent., on a p/e of 6.7.

## Capitol Industries EMI

Capitol Industries-EMI, Inc. reports net income of $2.84m. or 86 cents per share, on sales of $61.21m. for its second quarter ended December 31, 1976. This compares with net income of $2.8m., or 84 cents per share, on sales of $43.82m. during the corresponding period last year.

For the first six months of fiscal 1977 Capitol's net income was $6m., or $1.82 per share, on sales of $112.22m., compared with net income of $3.33m., or $1.00 per share.

Mr. Bhaskar Menon, president and chief executive officer, states that despite lower product margins during the second quarter, the company's performance in the first half-year reflects an increase in sales of 45 per cent. with net income 80 per cent. higher than the same period last year.

"The third quarter has commenced with widespread dislocation in the company's business due to unprecedented winter conditions prevailing currently in numerous areas of the U.S. where Capitol has manufacturing and distribution facilities and important markets for its products," he says.

A quarterly cash dividend of 8 cents per share is payable March 15.

## Ladwoods first payment

Customers at Ladwoods, a local Portsmouth bank which collapsed 18 months ago, are to get their first payment from the liquidators, 12p in the pound, later this month.

Unsecured creditors—mainly account holders—have been told that civil action was being considered against the bank's founder, Portsmouth financier Mr. John Ladell. Information on the bank's affairs had also been passed to the Department of Trade and Industry.

The liquidators said that it was hoped further payments would be made. But unsecured creditors are claiming almost £0.25m. against assets currently standing at £30,000.

The liquidators said that several debtors have been bankrupted and arrangements had been made with several more but sizeable sums remained which had been lent to associated companies or guaranteed by Mr. Ladell personally.

## Advance by Drayton Commercial

AFTER TAX up from £677,911 to £747,211, revenue of Drayton Commercial Investment Company rose from £995,962 to £1,066,139 for 1976.

Earnings per 25p share are shown at 4.52p compared with 4.15p and the dividend total is lifted from 3.7p to 4p net with a final payment of 2.6873p.

Total assets less current liabilities at the year end were valued at £44.26m. (£44.62m.) and the net asset value per Ordinary share was 153p (149p).

The fall in total assets less current liabilities reflects the inclusion of the dollar loan as a current liability as the facility expires on October 3, 1977. If the dollar loan had remained a long-term liability the figure would have shown an increase to £46.02m.

## London Brewery Trust

INCOME rose slightly from £1.05m. to £1.14m. at the City of London Brewery and Investment Trust for the half year to end December 1976 and pre-tax profit was £1,085,590, compared with £995,872.

For the full year 1975/6 the profit figure was £1.99m.

Total assets less current liabilities were £29.02m. at December 31 1976 compared with £30.2m. at June 30, 1976. The net asset values of the Deferred stock units were 53.2p and 55.7p respectively—representing a decrease of 4.5 per cent. compared with a decrease of 7.6 per cent. in the Financial Times Ordinary Share Index. Net asset value includes 1.7p (1.9p) full investment currency premium.

The dividend on the 25p deferred stock units is paid in four quarterly instalments. The total for 1975/6 was 2.100p. So far in the current year two quarterly instalments have been declared—0.525p and 0.525p.

| | Half-year 1976 £ | 1975 £ |
|---|---|---|
| Income | 1,142,904 | 1,046,914 |
| Management expenses | 57,314 | 51,042 |
| Pre-tax profit | 1,085,590 | 995,872 |
| Taxation | 405,282 | 383,961 |
| Net revenue | 650,308 | 611,911 |
| Pref. dividends | 72,696 | 72,696 |
| Deferred | 501,960 | 478,058 |

Leonard Burt

Sir Charles Forte, chief executive of Trust Houses Forte.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Anglo-American Secs. | 1.64 | April 1 | 1.35 | 2.64 | 2.35 |
| Concrete int. | 1.5 | April 7 | 1.3 | — | 3.15 |
| Drayton Commercial | 2.69 | April 1 | 2.39 | 4 | 3.7 |
| Palabora Mining | 25‡ | Mar. 22 | 12.5 | 70 | 50 |
| THF | 5.6† | July 1 | 5.6 | 7.35† | 7.35 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents.

## World copper forum urged

The U.S. and Canada advocated at the UN meeting here the setting up an inter-governmental body where producers and consumers of copper could consult on problems facing the industry and work out solutions, conference sources said.

The proposals came in separate papers submitted by the U.S. and Canadian delegations to a two-week session of experts from about 50 countries studying ways of stabilising the world copper market.

A document presented by the EEC urged inter-governmental producer-consumer consultations as soon as possible. It did not specify the institutional framework in which they should take place.

Reuter

## Westminster Country Props. in profit

Westminster and Country Properties is back in profit with a surplus of £35,000 for the half year to October 31, 1976, compared with a loss of £180,000 which included a £70,000 credit in the previous comparable period.

Earnings per 25p share were 0.7p (3.6p loss)—once again there is no interim dividend. The last payments of 1.407p were made in 1973-74.

For the year to April 30, 1976, the company incurred a loss of £267,000.

While there are indications that current market conditions are improving it would be premature to forecast the year-end results, state the directors.

| | Half-year 1976 £000 | 1975 £000 |
|---|---|---|
| Turnover | 1,417 | 1,191 |
| Pre-tax profit | 35 | *110 |
| Taxation | — | †70 |
| Attributable | 22 | *115 |

* Loss. † Credit.

## RESULTS AND ACCOUNTS IN BRIEF

**A. G. BARR AND CO.**—Results for year to October 31, 1976, reported January 14. Group fixed assets £4.39m. (£4.27m.). Net current assets £6.71m. (£5.1m.). Meeting, Glasgow, on February 28 at 11.

**CAMBRIDGE WATER COMPANY**—Expenditure of £636,221 (£718,019) was incurred in 1976 on new capital works. The amount available to finance capital expenditure was increased during the year by the borrowing on mortgage of £500,000. Meeting, Cambridge, February 23 at 4.30 p.m.

**CARRINGTON INVESTMENTS**—Pre-tax profit for six months to September 30, 1976, was £24,000 (£23,000) after interest of £71,000 (£75,000) and tax charge of £7,000 (nil). The Board expects full year's results to be at the same level as in 1975-76, and recommends a dividend at the same rate as last year, which was 1.035p net.

**CITY ACRE PROPERTY INVESTMENT TRUST**—Board apologises for the delay in accounts for year to April 5, 1976, but expects to approve these for publication within current month.

**CLAVERHOUSE INVESTMENT TRUST**—Results, year ended December 31, 1976 (already known). Investments £5.2m. (£5.06m.), value £7.47m. (£7.06m.). The chairman says that estimates for the current year show that the company's income is still increasing. Meeting, Crosby Square, March 1, at 12.30 p.m.

**ELLIS AND CO. (RICHMOND)**—Wine and spirit merchants. Turnover half year to September 30, 1976, £4,037,997 (£3,125,710). Pre-tax profit £35,955 (£40,319), after interest £24,179 (£15,306). Tax £19,000 (£22,000). Earnings per 5p share 0.34p (0.38p).

**F & C EUROTRUST**—Gross revenue for half year to December 31, 1976 £67,400 (£44,600). Pre-tax profit £44,200 (£17,900). After interest £13,000 (£100) and administration expenses £22,200 (£27,000). Tax £22,100 (£8,900). Earnings per share value 60p (62p).

**HAY AND ROBERTSON** (Textile manufacturers—private)—Turnover for half year to November 31, 1976, £351,805. Profit after all charges £4,923. Board anticipates similar performance in second half. Profit for all 1975-76 £35,487, turnover £3.68m.

**JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY**—Profit before tax for six months to December 31, 1976, R16.38m. (R13.82m.). Attributable balance R16.17m. (R12.56m.). Net asset value per share based on market or directors' valuation of investments, 4,753 cents (4,441 cents).

**KAY'S ATLAS BREWERY** (subsidiary of Frederick Robinson)—Results for year 1976. Sales £29,634 (£26,223). Pre-tax profit £29,046 (£41,178). Tax £21,800 (£19,261). Earnings per share 13.57 (£2.85p). Second interim dividend 6 per cent., making total 10 per cent. (same).

**PALABORA MINING CO.**—Final dividend for 1976 25 cents, making 70 cents (50 cents). Profit from operations after providing for depreciation of R12m. (R8.87m.) R65.3m. (R32.7m.), dividends received R8.1m. (R6.1m.), interest receivable R0.6m. (R0.4m.). Interest payable R2.9m. (R0.8m.), tax R21.1m. (R13.6m.), plus adjustment of deferred tax R2.1m. (nil), leaving net profit R51.9m. (R19.9m.). Interim dividends R12.7m. (R10.6m.), final dividend R7.1m. (R13m.), leaving R4.1m. (R4.3m.). Adjustment of deferred tax in respect of previous years to reflect current tax rates following the 1976 surcharge increase from 2.5 per cent. to 7.5 per cent.

**ROWLAND GAUNT** (clothing manufacturer)—Loss for six months to end December 1976, £4,020 (£3,322). No interim dividend (same). The industry at present very depressed but directors are taking all steps to reduce losses and maximise efficiency with hopes of improved times in the future.

**SEAFIELD GENTEX**—Results year to September 30, 1976 (already known). Fixed assets £2.98m. (£2.1m.), net current assets £1.11m. (£1.74m.). Chairman says group should return to profit during current year. Meeting, Youghal, Co. Cork, February 25, at 3 p.m.

**WESTERN CANADA INVESTMENT COMPANY**—Gross revenue £63,511 (£56,714) for half year to December 31, 1976. Earnings per 25p Ordinary share 7.6p (6.1p). Net asset value, prior charges at par 63p (53p) and prior charges at market value 66p (57p). Interim dividend 4p net (3p) and 13p total.

**ZANDPAN GOLD MINING COMPANY**—For the half-year ended December 31, 1976: Turnover R1,858,000 (R1,883,000). Income from fixed investment—dividends R1,436,000 (R1,370,000), other income R5,000 (R15,000). Expenditure R42,000 (R37,000). Profit R1,359,000 (R1,348,000). Earnings per R1 share 10.7 cents (14.19 cents). No tax payable as the company has an estimated loss for tax purposes. The market value of company's holding of 2,200,000 shares in Hartebeestfontein Gold Mining Company was R33,880,000 at December 31, 1976 (R46,200,000), compared with a book value of R20,900,000 (R20,900,000). At December 31, 1976, the market value of the company's other listed shares was R150,000 (R71,000) and their book value was R219,000 (R239,000).

## Strive to maintain profits at SGB

EVERY effort will be made in all operating companies at SGB Group to maintain turnover and profits, Sir Edgar Beck, chairman, tells holders.

This will be done by giving added emphasis towards work for industries and activities other than new construction. Overseas, he is hopeful that the expansion of activities in the Middle East will result in an improvement in general overseas earnings.

As reported, pre-tax profit for the year to September 25, 1976, was slightly depressed at £5.71m. (£5.95m.)—in the U.K. in spite of the shortage of new work in the construction industry profits were only slightly down. On a CCA basis profit is 20 per cent. lower.

The net surplus on revaluation of assets, together with the CCA profit, provides £6.39m.—the existing dividend is covered more than four times and shareholders' equity value has been materially increased.

The results of the contracts division of Scaffolding (Great Britain) exceeded expectations. Building equipment division hire results remained under pressure but direct sales were up to expectations. Harduns (Contractors Tools) continued its expansion and now offers national coverage. The Youngman Group had an excellent year with a substantial increase in profits. Contractors' Services Group and SGB Plant Hire found demand very patchy but there are now signs of increased demand for the larger plant.

The drought and water restrictions brought the stone cleaning activities of Peter Cox to a virtual standstill but the damp-proofing and woodworm eradication division continues to expand. Sika Contracts is now undertaking contracts in the Middle East. Hire Service Shops improved its performance with a profitable outcome and is expected to contribute an increasing part of group profits from now on.

Sir Edgar reports that the European group did well with an improved result overall. There was some decline in Holland but the German branch had a good year with some success in exporting to German contractors working abroad. In France, SGB Outinord S.A. is having marked success which bodes well for the future. In North America, SGB Universal Builders Supply, Inc. extended its operations within the U.S. and overseas. For SGB Building Equipment (Pty.) in South Africa, the year was very much better than expected. In Australia, SGB Building Equipment Pty. had a difficult year but will recover with a resurgence of building. SGB (Channel Islands) had another good year. Scafco in Ireland had a poor year, but there are signs of improvement in 1977. The continued strength of direct exports by SGB Export has necessitated a substantial increase in staff and facilities provided by transfer from other parts of the group. Good progress is now being made in the Gulf area.

Chairman's statement Page 2

## Deficit at Regional Properties

RENTS AND other income less expenses at Regional Properties came to £1,035,000, against £1,043,000 for the half-year to September 30, 1976. After interest of £1.2m. compared with £1.29m. there was a reduced loss of £168,000 (£246,000).

The net interest and outgoings on development properties dropped from £333,000 to £230,000 and with extraordinary credits adding £280,000 (£14,000), the loss was £118,000 (£567,000) before a transfer of £50,000 to capital reserves (£321,000 from reserves).

The decision as to dividend payment is again postponed until the publication of full-year results. Last year's single payment was 0.325p net per share. The adverse balance for all 1976-77 after transferring £143,567 from reserves was £777,702.

## Westland may extend Sea King use

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Westland Aircraft, of Yeovil, is considering the possibility of developing a civil version of its big Sea King helicopter, currently in production for military tasks.

Sir David Collins, chairman, told the annual meeting in London yesterday that the company was striving to win more export orders, especially for the Sea King. To date, orders for the Sea King and its Commando variant totalled 196 aircraft, of which exports accounted for 104 worth over £150m.

The proposed civil variant would have the same basic design and twin-turbine power plants (Rolls-Royce Gnomes) as the military version, but would have seats for up to 24 passengers. It would be capable of ranges up to about 200 miles—sufficient to cover all the existing North Sea oil rigs.

The aim of the civil variant is to provide an aircraft capable of supporting North Sea and other off-shore oil production for many years ahead. The civil variant could carry cargo as well as passengers, in a variety of mixes.

The main immediate competition would be from the Sikorsky S-61N helicopters, which are already in service with British Airways Helicopters and Bristow Helicopters in the North Sea.

Westland clearly sees an expanding market for a big civil helicopter, which it cannot afford to miss, and it is understood that if it decides to develop the civil Sea King, it will move quickly, to get the aircraft into service within a year or two.

In the longer term, further competition could come from possible new Sikorsky designed versions of its S-78 helicopter which has just won the Army's Utility Tactical Transport Aircraft System competition. Two versions, a 20-passenger and a passenger model, are envisaged but these are still some way off.

A more immediate Sikorsky competitor might also be the smaller S-76, a 12-passenger craft with 400 miles range, which is now going into production to meet the growing needs of the U.S. offshore oil industry and which is certain to be marketed in Europe.

## Earnings rise for Govett at halfway

The net revenue of Govett European Trust rose slightly to £124,789 from £106,157 for the half year to end December 1976.

Total income was £31[illegible] (£320,725) from which was deducted interest £59,238 (£99[illegible]) and tax £127,000 (£115,044).

Assets attributable amounted to £17.79m. at December 31, against £16.71m. at June 30, resulting in a net asset value per 25p share of 89p (83.5p) which includes the full investment currency premium of 24.7p (23.[illegible]).

Last year's single dividend was 1.6p net and the net profit £325,621.



هكذا من الاصل

# British Sugar to spend £30m. this year

CONTINUING ITS plan to expand production to 1.25m. tonnes by 1980 in an average campaign of 100 days, British Sugar Corporation plans to spend a further £30m. in the current year. This will provide for the substantial completion of reconstruction at the Newark factory and a start on major increases in capacity at Bury St. Edmunds, Cantley and Wissington.

During 1975-76 capital expenditure amounted to around £15m., the largest amounts being devoted to the completion of the York factory, including its new packeting plant, and the main reconstruction of Newark. Smaller amounts were spent on the enlargement of Bury St. Edmunds, Ipswich, Kidderminster, King's Lynn and Wissington. Replacement of obsolete plant, reduction of pollution and improvements to amenities for employees made up the balance.

As reported on January 28, taxable profit for the year to September 26, 1976 almost doubled from £7.65m. to £14.31m. The total dividend payment is lifted from 8.46p to 9.29p net.

Sir Gerald Thorley, chairman, points out that despite the high level of profit it is still inadequate to fund the group's replacement and expansion programmes. Nevertheless, profit was achieved when the group's capacity was one-third under utilised.

This is a clear indication that with proper utilisation levels with an average crop the company can both invest at the high level it needs to do and still pay its way, says Sir Gerald.

Confident that this represents the future, the Board has made arrangements to borrow £15m. of medium-term funds on the commercial market, of which £5m. had been drawn down at the end of September, to enable the company to proceed with its expansion plan.

As to profits for the current year Sir Gerald tells members that he is hopeful of an advance on those now reported. He stresses that an average crop would carry the group on to a new, but needed, level of profits and the directors must plan on the basis that the vagaries of the last three years will end in 1977-78.

Substantial increases in sugar volume were achieved principally in the second half under review. The later months of 1975 saw progressive reductions in the very high "equalised" prices. In January, 1976, the company ceased to contribute to the equalisation fund and in May, 1976, the equalisation agreement was terminated. The result of this was that prices became competitive with those of exporters from EEC countries; and the "vast flood" of imports which had been sucked into the U.K. market in 1975 was reduced and genuine competition benefited the turnover of the home industry.

A statement of source and application of funds shows net closing cash of £3.91m. (£22.49m. borrowing).

The Solicitor for the affairs of the Treasury holds 11.25 per cent. of the company and the Minister of Agriculture, Fisheries and Foods is interested in 25 per cent. Meeting, Park Lane Hotel, W., on March 10, at noon.

# £2m. finance for Redfearn Glass

Mr. Stanley Race, chairman of Redfearn National Glass, told shareholders at yesterday's annual meeting that the group had negotiated a £2m. loan, over a period of nine years, from Finance for Industry. This follows an earlier statement from Mr. Race in January that the group would be needing medium term finance to fund its capital expenditure programme.

Shareholders were told at the annual meeting that it was unlikely that the loan would be required in the current financial year "but it will be available to meet part of the cost of a continuing programme of capital expenditure from 1977-78 onwards."

# John Stephen accounts delayed

The directors of men's wear retailers, John Stephen of London announce that the preliminary statement for the year ending August 31, 1976 has been delayed pending the finalisation of certain audit points including agreement of the final tax provision. It is expected that finalisation will be concluded within the next few days.

At the interim stage from turnover down from £802,000 to £456,000 an increased pre-tax loss of £112,000 against £19,000 was reported.

# Rise for A-American Securities

GROSS REVENUE of Anglo-American Securities Corp. rose by £0.39m. to £3.39m. for the year ended January 15, 1977. Pre-tax revenue came out at £2.76m. against £2.42m. and net revenue was £1.65m. compared with £1.44m.

A second net interim dividend of 1.64p (in lieu of final) raises the total from 2.35p to 2.64p.

Net asset value per 25p share at January 15 was 123p (124p) and assuming full conversion of Convertible Loan Stock was 121½p (122p). Values include the full investment currency premium.

| | 1976-77 £ | 1975-76 £ |
|---|---|---|
| Gross revenue | 3.393.985 | 3.007.551 |
| Expenses, etc. | 156.159 | 129.382 |
| Interest | 477.349 | 462.834 |
| Pre-tax revenue | 2.760.428 | 2.415.535 |
| Tax | 1.109.143 | 980.031 |
| Net revenue | 1.651.285 | 1.435.504 |
| Preference dividend | 81.223 | 81.223 |
| Available to Ordinary | 1.570.062 | 1.354.281 |
| Ordinary dividend | 1.427.679 | 1.268.255 |
| Balance | 142.383 | 86.026 |

# Intl. Energy Bank up 90% to £1.85m.

In its third year of operations, pre-tax profits of International Energy Bank jumped by 90 per cent. to £1.85m. compared with £0.97m. for all 1975.

Net profit after tax amounted to £880,000, against £437,000, which is fully reflected in retained earnings and assets totalled £125m. (£83m.).

The bank managed, or participated in, loans to the energy sectors of 15 countries.

In particular IEB concluded in February 1976 the structuring and syndication of two further North Sea financings, totalling $275m. for the purpose of assisting in the development of the Claymore Field. This closely followed its financings for the neighbouring Piper Field, which came on stream in December 1976.

Statement Page 28

# Bett Bros. sees further progress

IN HIS ANNUAL statement, Mr. Albert Bett, chairman of builders and public works contractors, Bett Brothers says the company can look forward to a further satisfactory year.

Despite further restrictions of public expenditure and rate support grants, high interests and mortgage rates, and a shortage of building societies' loans the directors are confident that they will be able to secure a fair share of the available work. In addition, examination of various means of diversifying the company's activities is being undertaken, and one area of current diversification is the acquisition and operation of licensed premises in the East of Scotland.

As reported on January 13, pre-tax profits advanced from £1.74m. to £2.34m. in the year to August 31, 1976 on turnover of £20.81m. (£19.31m.). The dividend total is the maximum permitted 1.5236p net (1.3851p adjusted for scrip issue).

Mr. Bett states that despite difficult trading conditions profits exceeded estimates.

In the private housing sector the year started well with sales up to expectations, and until the end of the third quarter there was a steady increase in the number of houses sold.

The market became a little depressed during the last quarter as building society loans were more difficult to obtain but satisfactory results were achieved with an increase in sales.

The amount of work available in the design and build contracts sector was somewhat restricted but several contracts were secured upon which work has progressed satisfactorily, thereby making a substantial contribution to profits.

A statement of source and application of funds shows a decrease in liquid funds of £959,643 (£872,643 increase).

Meeting Dundee on March 4 at noon.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TO-DAY**

Interims—Dalzety, Elbief, Guildhall Property, M.F.I. Warehouses, William Ransom, Reliance Knitwear, Wood Bastow.

Finals—Berwick Timpo, Burmid Qualcast, Cardinal Investment Trust, Coronet Industrial Securities, George Dew, Goode Durrant and Murray, London and Lomond Investment Trust, Plastic Construction, Pride and Clarke, Rawlings Bros., Scottish Agricultural Industries, Tribune Investment Trust, Updown Investments, Bernard Wardle.

**FUTURE DATES**

| | |
|---|---|
| Interims— | |
| Dyson (J. and J.) | Feb. 25 |
| James (John) | Feb. 16 |
| Kursaal | Feb. 14 |
| Finals— | |
| Cornell Dresses | Feb. 16 |
| Marchwiel | *Feb. 21 |

* Amended.

announced. The total for 1975 was 9.35p and the profit £0.37m.

Mr. J. M. Walsh, the chairman, says that as forecast in the annual report the year started very badly on the freight forwarding and warehousing side and it is now doubtful whether any significant progress is going to be shown in the second half.

The group's other activities however continue to develop satisfactorily.

Concerning the acquisition of the freight forwarding company, Thomas Cook Freight, the directors estimate that the net tangible assets after making provision for bad debts are expected to be in the region of £250,000 at December 31 1976 of which about £110,000 is represented by fixed assets. Disclosures made by the vendor at the time of sale indicated a breakeven position and so far as current trading is concerned active steps are being taken to improve profitability through managerial economies and closure of loss making depots.

They intend merging the business of Thomas Cook Freight with Baker Britt and Company and by August 1 1977 the name of Thomas Cook Freight will be dropped. The increased turnover resulting from this acquisition will prove a useful enhancement to the freight forwarding division, they add.

| | Half-year 1976 £000 | 1975 £000 |
|---|---|---|
| Group turnover | 3,199 | 2,470 |
| Profit: | | |
| Freight handling loss† | 29 | *52 |
| Container storage, repairs | 30 | 37 |
| General trading | 7 | — |
| Exhibition, etc. | 8 | — |
| Overseas activities | 12 | — |
| Overheads | 42 | §24 |
| Pre-tax loss | 14 | *113 |
| Taxation | — | 59 |

* Profit. † Excludes extra-ordinary expenditure £54,000 incurred in closing riverside warehouse. ‡ Excludes interest of £31,090 due on unpaid compensation from Sri Lanka. § After crediting £35,000 non-recurring agency income from Sri Lanka.

# Electronic Machine now picking up

Addressing the annual meeting of Electronic Machine Company, Mr. Peter Tooke, the chairman, said the group incurred substantial losses for the first six months as expected, mainly because of reorganisation of the metal pressing division.

However, in the first two months of the second half of this year this division was trading profitably. Current turnover for the group is running 50 per cent. up on last year, and order books stood in excess of £0.75m.

Mr. Tooke did not believe the first six months' losses would be totally nullified by the upturn, but 1977-78 should realise the benefits of this year's reorganisation, investment, and new products.

# Cement-Roadstone's £18m. plan

IRELAND'S BIGGEST industrial company, Cement-Roadstone Holdings, is to spend almost £18m. on group development in Ireland during 1977.

Mr. Jim Culliton, chief executive, says investment of this magnitude is only possible with increased profits and the necessary incentives such as those contained in the recent Budget, which would go a long way in providing the right sort of climate for investment activity by industry.

The largest item in the investment programme is the completion of the second stage of Cement Ltd.'s plant at Platin, Co. Meath, which will account for £13m. of the total. Platin II is scheduled for completion late this year.

Cement will also spend £1.5m. on a new palletisation plant at Limerick cement works to meet the demand for bagged cement from the agricultural, construction and builders' merchants market sectors. When the Limerick plant has been commissioned next year, palletised cement will be available throughout the country. Palletisation reduces the cost of handling and distributing bagged cement. New export markets have been opened in the West Indies and Nigeria and the new plant will facilitate the further development of these outlets.

The Roadstone Group will invest over £2m. in modernising its large fleet of trucks, dumpers, excavators and graders. Ninety vehicles will be purchased and this new business will give a boost to the plant and machinery sector. New plant and alterations and improvements to existing plant will account for approximately a further £1m. The major items will be the opening of a new gravel pit and concrete plant in Wexford and a new sand making plant in Galway.

Concrete block plant capacity is also being expanded and output at the Redland roof tile plants in Dublin and Gooig, Co. Limerick, will be increased this year. A new block plant will be installed in the recently acquired location at Horse and Jockey, Co. Tipperary.

John A. Wood, the group's Munster subsidiary, will invest £0.75m. this year to keep pace with the increasing requirements of the southern market. Forward orders for slurry tanks for the agricultural sector are substantially up on last year and production capacity is being increased immediately. A new mortar plant will be installed in Cork and new block plant will be purchased for the Tralee, Co. Kerry, location.

Other plants owned by the group in various parts of the country are to be extended and improved during the current year.

In future the group will invest in the re-development of some surplus sites and worked out pits. In this connection a joint company has been formed with G. and T. Crampton, to develop an industrial estate on a 65-acre site at Clondalkin, Co. Dublin. Planning permission has been obtained and a full range of services are already laid on.

Mr. Culliton says the 18m. investment is a measure of the group's optimism about the future and the potential for growth and development in the years ahead.

# £14,000 loss by Crosby House midway

A loss of £14,000 is disclosed by Crosby House Group for the first half of 1976, compared with a profit of £113,000. Turnover was up from £2.47m. to £3.2m.

The loss was struck after an overheads charge of £42,000 (credit £24,000). Tax is nil, against £59,000.

The net interim dividend of 4p (same) has already been

## STEEL & BARNETT

A rights issue of one-for-one at 75 cents per share is proposed by Steel and Barnett, a South African company engaged in the manufacture of furniture mattresses and upholstery.

The new shares will not rank for the interim dividend for the six months to February 28, but they will rank for the final expected to be 5 cents a share.

BIDS AND DEALS

# Cattle's discloses big profit increase

Shareholders in Cattle's Holdings are being urged to reject the 32p cash per share take-over bid from rival check trading and financial group Provident Financial.

Mr. Roy Waudby, chairman of Cattle's, tells shareholders in the rejection document that there is no commercial logic in the deal; that there is no advantage for employees or customers; that Provident acquired its 25.64 per cent. stake in Cattle's at an average price of 36p per share in 1972-73; and that the market value of Cattle's shares stands above the bid price. Cattle's closed 31p higher last night at 35½p.

As part of the defence, Cattle's has also produced its accounts for nine months which show turnover higher by 83.5 per cent. at £22.6m. against £18.6m., and pre-tax profits up 56.8 per cent. at £1,084,000, compared with £756,000.

Cattle's also states that it is to declare a second interim dividend of 8 per cent. and intends to recommend a final of 12½ per cent. Together with the interim dividend already paid, Cattle's therefore expects to pay 23 per cent. against 9.446 per cent. in the previous 12 months.

The directors of Cattle's, who have beneficial holdings of just under 15 per cent. of the equity, will not be accepting the offer. However, it is understood that, combined with trustees, associate and other family and tied holdings, the Board of Cattle's has a voting power in excess of 50 per cent. and can therefore fend off Provident.

Provident, having acquired its stake, has on occasions asked for Boardroom representation. This has always been refused.

● comment

Provident's 32p cash offer for Cattle's (Holdings) looks moderate against a market price of 35½p where the prospective yield is a healthy 10.2 per cent. Clearly, Provident will have to come up with a much more generous offer if it wants to increase its 25.6 per cent. stake, including the Cattle's directors and their families hold about 39 per cent. of the equity and reckon they can muster just over 51 per cent.—so the terms would in effect have to be agreed. Cattle's is heading for full profits of perhaps £1.3m., for growth of a third (after 50 per cent. at half-time), after a final quarter hit by MLR hikes. That would provide a dividend cover of 1.6.

## C. T. BOWRING

Arrangements were completed on February 1 for C. T. Bowring (Insurance) Holdings to acquire a 20 per cent. interest in Victor Schinnerer and Co. Inc., in a cash transaction.

Aggregate value of the consideration represents less than 5 per cent. of the assets and net profits respectively of Bowring (Insurance), the management company for the insurance broking interests of the Bowring Group.

Schinnerer is a subsidiary of Marsh and McLennan Companies Inc.

## CAPPER-NEILL BUYS GLOVER

Capper-Neill has now acquired the Glover Group. This was 40 per cent. owned by Ronksley Investments, which was bought by Capper-Neill last November.

Aggregate consideration for the two companies was about £1,399,000—£1,265,000 in cash and 156,000 new shares in Capper-Neill.

The latest audited consolidated balance sheet of Glover, dated December 31, 1975, discloses net assets of £905,000 including cash in excess of £450,000. Pre-tax profits for that year amounted to £322,000.

Net assets of Ronksley, excluding the Glover shares at September 30, 1976, were £153,000, including quoted securities with a market value of £123,000.

Glover manufactures wire ropes and lifting tackle and is engaged in the design and supply of aerial ropeways and mechanical handling equipment.

## PROVINCIAL INSCE. LINKS WITH HEROLD ALLGEMEINE

Arrangements have been made whereby Provincial Insurance will obtain a 5 per cent interest in the equity of Deutscher Herold Allgemeine Versicherungs and will give that company a holding of 400,000 'A' Ordinary shares in Provincial.

Herold Allgemeine of Bonn, is a wholly owned subsidiary of Deutscher Herold Lebensversicherungs, also of Bonn.

The directors of both companies feel that a joint business association will be strengthened if accompanied by a small reciprocal direct investment in each other's equity capital.

It is proposed that this be achieved by, firstly, provincial offering to issue 182,000 new "A" Ordinary shares to Allgemeine and in consideration receiving 250 shares of DM1,000 each and, secondly, by an arrangement whereby provincial "A" Ordinary holders may, if they wish, sell on a basis pro rata to their existing holdings a further 218,000 shares direct to Allgemeine at 240p per share.

Any shortfall in the number of shares available from the direct sale arrangement would be made up by issuing further new "A" Ordinary shares to Allgemeine at 240p per share.

# Nationwide Leisure chief criticised

In the formal offer document for Nationwide Leisure, Mr. David Wickins, chairman of British Car Auctions, says that the opposition of Nationwide's chairman to the £682,500 bid is wrong for many reasons but he spells out three main ones.

He points out that accepting Nationwide shareholders would be, from the point of view of dividends, over 137 per cent. better off: Nationwide shares have not been listed on the Stock Exchange since 1970; accepting shareholders would benefit from the natural expansion of BCA's business and the potential growth of Nationwide under BCA management.

Mr. Wickins also points out that holders of 18.53 per cent. of Nationwide, including Mr. H. Dobson, the vice chairman, have already sold their shares to BCA.

Terms of the offer, which closes on March 3, are one BCA share for every three Nationwide shares. BCA closed at 32½p yesterday which values each Nationwide share at 10.53p.

## HME OFFERS UNCONDITIONAL

The offers by Harrisons Malaysian Estates for Golden Hope Plantations, London Asiatic Rubber and Produce and Pataling Rubber Estates have become unconditional in all respects, the Stock Exchange having admitted to the Official List the shares of HME falling to be allotted pursuant to the Offers.

Dealings in the new HME shares are expected to start today for normal account settlement. Pending despatch (on or before March 8) of the definitive certificates for HME shares, transfers will be certified against the register of the relevant company.

The directors of the three companies have declared special dividends, payable on June 1, to holders registered February 9, as follows: Golden Hope 4.25048p net per share; London Asiatic 3.93548p; Pataling 3.32645p. As from today, dealings in the shares of companies are expected to take place ex the special dividends.

Acceptances for the merger announced on Tuesday exceeded as a percentage of total capital those for the first scheme which was defeated in January in the case of all three companies. In yesterday's edition, the present level of acceptances as a percentage of total capital was incorrectly compared with acceptances as a percentage of votes cast on the previous occasion.

## CROYDEX

Following approval by shareholders of the Croydex Company of the one-for-one scrip issue, London Brick has received acceptances of its offer for the Ordinary shares of Croydex not already owned, in respect of 3,351,950 shares (representing 92.73 per cent. of the shares for which the offer was made). London Brick now owns or has received acceptances in respect of 6,061,950 shares (92.38 per cent. of the total in issue).

The offer has become unconditional and remains open. London Brick intends in due course to acquire compulsorily the balance.

## ASSOCIATES DEALS

On the instructions of clients—Van Cutsem and Associates—who are acting as associates of C. H. Industrials, Mcanally, Montgomery and Co. has bought 38,062 Beaver Group at 43p and 30,000 at 43½p.

De Zoete and Bevan, brokers to Romai Tea Holdings and Majuli Tea Holdings, have sold 1,000 Majuli at 105p on behalf of a discretionary investment client.

Paul E. Schweder, Miller has bought £2,000 Williams Hudson 7½ per cent. Debenture stock 1992-97 at 36p for redemption on behalf of Williams Hudson.

MINING NEWS

# Palabora's earnings on the recovery road

BY KENNETH MARSTON, MINING EDITOR

SHARPLY increased final quarterly dividend of 23 cents (16.8p) is declared by the Rio Tinto-Zinc group's Palabora copper producer in South Africa. It makes a total for 1976 of 70 cents compared with 50 cents for the previous year and R1.20 in 1974.

The past year's net profit has improved to R23.9m. (£16m.) from R18.6m. in 1975 and the latest figure is struck after a deferred tax charge of R2.1m. Palabora's better performance reflects the improved copper prices because sales of the metal, already announced, fell slightly last year to 96,305 tonnes from 98,744 tonnes.

Last year copper averaged £782 per tonne on the London Metal Exchange and it has risen afresh this year, closing at £839 yesterday. Palabora is thus set for a further increase in earnings, especially when it is remembered that the R85m. expansion in annual copper production capacity of some 30,000 tonnes to 125,000 tonnes is due to be completed shortly. The shares were 10p up at 560p yesterday.

## AYER HITAM TIN PRODUCTION

In the latest batch of January tin concentrate output figures from the Far Eastern mines, that of Ayer Hitam shows a further fall from the exceptionally high level achieved in November of last year when the No. 2 dredge was in an area of particularly rich ground.

The company's seven-month output total of 3,179 tonnes is well ahead of the 1,775 tonnes obtained in the same period of the previous financial year. But output is now in a declining trend and in November Ayer Hitam said that total production for the current year to March 31 was not expected to match that for 1975-76.

Sungei Besi's 10-month total is lagging at 1,231 tonnes against 1,590 tonnes. Last August the company's chairman saw no prospect of profits before the year ended March, 1978, but at least the rise since August in the Penang tin price from $Ma.1,206 to $Ma.1,331 per picul should help matters.

The latest production figures are compared below.

| | Jan. tonnes | Dec. tonnes | Nov. tonnes |
|---|---|---|---|
| Ayer Hitam ... | 276 | 300 | 517 |
| Sungei Besi ... | 126 | 119 | 178 |
| Supreme* ... | 73 | 70 | 65 |
| Tronoh ... | 192 | 194 | 151 |

* Formerly Sungei Way.

## URANIUM STAKE FOR ESSO

The Perth company, Magnet Metals, is entering into a joint venture with Esso Exploration, a subsidiary of the international oil group, at the Lake Dundas uranium prospect, just to the south of Norseman in Western Australia.

A statement from Magnet said that Esso had agreed to take a 50 per cent. stake in the venture, thus confirming what was foreshadowed in the Financial Times last June. Magnet will keep a 33 per cent. stake until the venture comes to the production stage. Under the agreement Magnet may acquire the remaining 17 per cent. interest, which is held by two local prospectors.

No financial details of the agreement have been released except for Esso's undertaking to refund Magnet $116,000 (£73,500) for past costs in the venture.

## WINKELHAAK'S SHAFT DAMAGE

Production at the Union Corporation's Winkelhaak gold mine has been reduced by about 25 per cent. following an accident last Sunday during routine maintenance of the hoist rope in No. 5 shaft. Normal operations should resume by the week-end but in the meantime low grade ore from a surface rock dump is being used to supplement mill throughput.

An empty skip became detached from the hoist rope and fell to the bottom of the shaft. During its descent the skip damaged some of the horizontal steel bars used to carry cage guides and pipes. Repairs have to be completed before hoisting starts again.

Winkelhaak shares were 385p yesterday.

## ENDEAVOUR OIL RIGHTS ISSUE

Australia's Endeavour Oil is making a three-for-ten non-renounceable rights issue of 10m. new shares at 10 cents (6.3p). The shares were 9½p cum-premium in London yesterday. It is also intended to change the company's status to "Limited" from "No Liability."

Primarily the new funds will be required for further development work on a petroleum concession, gold-copper deposits in Indonesia, alluvial tin in New South Wales and a producing basalt quarry near Melbourne.

Endeavour also states that it has 10 per cent. in a consortium which has been granted a block for oil exploration on the North West Shelf. Elsewhere, Endeavour's Digger Rocks interest is adjacent to Forrestania nickel prospect now being drilled by Amax.

## Liberia signs big iron deal

The Liberian Government and international consortium planning to develop the Wologisi iron deposits have signed a supplementary agreement which will give, according to the Ministry of Finance in Monrovia, a better return to the investors and greater financial and social development benefits to the Government.

The consortium embraces, under the name Liberia Iron and Steel, the Japanese groups of Kawasaki Steel, Nissho-Iwai, Marubeni, C. Itoh and Toyo Kenka and a subsidiary of the U.S. group Amax.

Wologisi has iron ore deposits of 1.2bn. tonnes, and the Ministry statement said an investment of $1.5bn. (£874m.) would be needed for the project, which would come on stream in 1983-84. Production of 10m. tonnes of high-grade pellets a year is planned.

LISCO's agreement with the Government gives the latter a royalty of 1 per cent. on sales for the first ten years and a royalty of 2 per cent. thereafter.

In the first 11 months of 1976 Liberian iron ore exports from the four companies already in production amounted to 16[illegible] tonnes. Liberia is already the biggest iron ore producer in Africa and ranks eleventh largest among the world's iron ore producing countries on the basis of 1975 output.

## MINING BRIEFS

LONDON TIN—Amalgamated Tin Mines of Nigeria columbite output for January 25 tonnes (December 15 tonnes).

## Touching down at Carlisle

CARLISLE AIRPORT has been given an unexpected income boost because of the firemen's strike at Glasgow.

This comes at a time when the future of Carlisle Airport is under discussion, and each day this week a 52-seater plane from the Shetland Isles has been landing, paying a fee of £[illegible] to the airport.

A few light aircraft from Ireland have also been landing at Carlisle instead of Glasgow.

Mr. Eddie Claxton, airport manager, said that if the situation continues it will be a welcome boost to the airport's income.





## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1976/77 High | Low | Stock | Closing Price p | + or – | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | Nil | [illegible] | 9 | 6 | Amalgamated Stores | 7½p | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | 57½ | 488 | Kodtee Warrants | 500 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 2.7 |

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimate. Dividend rate paid or payable on part capital; cover based on dividend on full capital. Issued by tender. Assumed dividend and yield. Forecast dividend; cover based on previous year's earnings. Figures based on prospectus or other official estimates for 1976. Q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✻ Offered to holders of Ordinary shares as a "rights". ♥ 290 S Afr cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ¤ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ● Issued to former Preference holders. ‡ Allotment letters (or fully-paid). Provisional or partly-paid allotment letters. § With warrants. ⊕ After suspension. ◇ Kuwait Dinar.

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Price competition clips Atlas Copco's earnings

BY WILLIAM DULLFORCE STOCKHOLM, Feb. 9.

ATLAS COPCO, the Swedish compressed air equipment manufacturers, report a 21 per cent. decline in earnings last year, attributed to fierce price competition, particularly in the mining field. Sales rose by 12 per cent. to Kr.3.79bn. (£520m.), but 6 per cent. of the increase came from price increases.

The profit fall—from Kr.430m. to Kr.338m. according to the preliminary figures released today—was steeper than anticipated in the group's half-year report issued in August. Second-half earnings were under Kr.[illegible] compared with some Kr.[illegible] in the first half.

The group's Swedish plants showed a marked drop in profitability last year, which the management, in line with most Swedish companies reporting their results, attributes to the heavy increase in Swedish pay-roll costs. In contrast the group's foreign subsidiaries generated over 75 per cent. of pre-tax earnings in 1976 compared with about 60 per cent. in the previous year.

Atlas Copco notes that it has not laid off workers, "although the Swedish companies have had more employees during 1976 than justified by demand for their products." It warns that it may be forced to reconsider its employment policy.

Compared with the 1975 operating profit of Kr.591m. on sales of Kr.3.38bn., last year's Kr.523m. profit on the increased turnover illustrates the slump in the group's profit margins. Net financial costs were up to Kr.103m. and depreciation rose by Kr.7m. to Kr.82m. After lowering the appropriation to the inventory reserve from Kr.112m. to Kr.54m., the group shows a net profit of Kr.101m. (1975: Kr.135m.).

The parent company reports pre-tax earnings of Kr.82m. (Kr.101m.). After taking Kr.9m. from the inventory reserve it shows a net profit of Kr.77m. (Kr.69m.).

The Board proposes to pay an unchanged dividend of Kr.6 per share on the share capital which was increased by a one-for-five rights issue to Kr.310m. last year. The dividend remains well covered by adjusted net earnings which work out at Kr.12.10 per share (Kr.16.25).

The uncertainty over future business trends and Swedish cost developments makes it difficult to give a useful forecast for 1977, the company states, but its 1977 budget anticipates a moderate increase in sales volume.

### AUSTRIAN NEWS

## OMV cuts petrol prices

BY PAUL LENDVAI VIENNA, Feb. 9.

UNDER THE combined pressure of the socialist government and the state oil corporation, the multinational marketers have reluctantly agreed to reduce the price of premium grade petrol by 4 per cent. as of to-day in Austria. Spokesmen of Shell and Esso rigorously protested against the "go it alone" tactics of the Austrian state corporation OMV through its own marketing subsidiaries, Martha and Elan with its 30 per cent. of the petrol station network. After a meeting of the Austrian petrol federation yesterday which failed to reach an agreed solution, OMV announced last night a unilateral reduction which the multinationals followed.

The move was originally motivated by seasonal and regional considerations as in the Western Austrian border regions. Last year turnover dropped by 10 per cent. due to lower prices prevailing in neighbouring West Germany.

The price cut, the first in many years and affecting the entire country is regarded as a politically motivated step to influence the consumer price index and to counteract the psychological effect of increased tariffs and officially regulated prices which came into force in January. Last year Austria's consumption of premium grade petrol dropped by 2.3 per cent. to about 1.2m. tonnes while demand for petrol of all kinds remained stagnant at about 2.1m. tonnes.

OMV, as a nationalised concern, has had to carry out the government policies. Nevertheless economic commentators point out that the price cut is likely to lead to increased demand for petrol, probably up by 100,000 tonnes, which in turn will make more crude oil imports necessary. Thus it is estimated that the present move could add Sch.800m. to Austria's annual trade deficit this year. It is likely that if trends on the international and German petroleum markets change, the price will be raised again but not before the summer at the earliest.

* * *

STEYR DAIMLER PUCH AG, Austria's largest non-nationalised industrial company, which turns out two- and four-wheel vehicles, ball bearings and a variety of other products including arms, is going to carry out a major investment programme this year involving a total capital outlay of Sch.700m. (about £24m.) as against Sch. 400m. in 1976.

The programme was approved last week by the Supervisory Board of the company which is controlled in turn by the Creditanstalt Bankverein, the No. 1 Austrian commercial bank.

Business this year has been highly satisfactory, the management said. Meanwhile the Foreign Policy Council of the Austrian Parliament raised no objections to a projected deal involving the export of 2,000 cross country vehicles and other products to Syria.

The value of the contract in the offing could be worth from Sch.3.4bn. This unusual step was taken, following recent allegations about irregularities in the export of sniper's rifle ammunition to the Middle East.

Turnover last year, according to provisional figures, almost reached Sch.10bn., representing a rise of 26 per cent. on the results recorded in 1975. The expansion of sales was primarily ascribed to a 30 per cent. increase in exports and to the growing foreign engagement of Steyr.

## Montedison plans new research centre

By Paul Betts ROME, Feb. 9.

THE MONTEDISON chemicals group announced in Milan today the construction of a new L15bn. (about £10m.) research centre in Naples.

The activities of the new centre will include agricultural, ecological and water pollution research, as well as technological assistance to plastics, fishing, construction, transport and agricultural industries. Last year, Montedison said, the group invested some L120bn. (£80m.) in research.

According to the head of Montedison's research and development division, Sig. Umberto Colombo, there were a number of important elements which now forced European chemical industries to concentrate on research and new technology. Among them, Sig. Colombo said, was the fact that in the course of the next five to ten years, European chemical companies would face increasing competition from petrochemical products produced in Middle East and East European countries.

Montedison at present has about 20 research laboratories in Italy including the "Guido Donegani" Institute at Novara.

### Cockerill output

RAW STEEL production of Cockerill S.A. rose by about 5 per cent. to 5,117,343 metric tons in 1976 from 4,858,301 tons in 1975 but remained 23 per cent. below 1974 output of 6,624,815 tons, Belgium's major steel maker reported Wednesday.

In a brief report on its 1976 activities, AP DJ reports from Liège, Cockerill did not state earnings and sales for last year. But it previously indicated that it expected another loss in 1976 after having closed 1975 with a net loss of B.Frs.3.94bn. on sales of 47.48bn.

At the end of 1976, Cockerill reported, its order books had thinned to five weeks for all products and to four weeks for some special products.

### CORPORATE PROFITS

## Healthy, despite the cold

BY STEWART FLEMING IN NEW YORK

IN SPITE of the slow down in the growth of the U.S. economy in the second half of last year, and the generally disappointing impact of this on corporate profits in the third and fourth quarters, U.S. industry overall is in a far healthier state than it was this time last year.

Early estimates of fourth quarter earnings, now being produced on the basis of reports from most of the major U.S. corporations in industries such as steel, oil, and chemicals, suggest a level in the region of 20 per cent. above that reported in the fourth quarter of 1975.

However, analysts are more interested in their estimate that corporate earnings overall will show no more than a 5 per cent. rise between the third and fourth quarters of 1976. The stagnation compares with a gain of 44 per cent. between the first and second quarters.

Corporate profits in the third and fourth quarters of last year were hit by a wide variety of factors. There is, for example, some evidence that productivity gains were less marked than earlier in the year. Taken in conjunction with rising wage rates, the effect was to push up unit labour costs. Such trends are expected in many industries where extra labour and less efficient plant has to be hired to increase production.

There was also in some sectors, particularly retailing, evidence of slowing sales growth and this was coupled with involuntary building up of stocks to meet demand which did not in fact materialise.

The lengthy motor industry strike at Ford, coupled with the rubber industry strike also had a depressing effect on profits in a range of industries in the third quarter of 1976, the effects of these strikes carried over into the fourth quarter too.

But basic industries were particularly badly hit in the fourth quarter. A primary explanation of this is the continued failure of capital spending to revive and fuel economic growth. This factor in particular is sited as having had an impact on the profits of major steel companies (with the obvious exception of Inland). Throughout the year the steel industry was moderating its forecasts of steel shipments. Moreover, steel was one of the industries which failed to push through the price increases which it was hoping for because of weak demand.

While economic indicators began to show some signs of a revival in the economy's performance towards the end of last year, there is a growing consensus that not too much optimism should be stirred by these indicators now. For U.S. industry overall is being and has been seriously disrupted by the severe winter weather. Most economists believe that the reduction in economic growth which this will result in when the figures for gross national product are available for the first quarter of 1977 will be quickly made good later in the year.

The Commerce Department is also forecasting only a rise of 1 per cent. between the fourth quarter of 1976 and the first quarter of 1977.

The higher proportion of consumer income which will go on fuel, and in some areas of the country the sheer difficulty of getting to the shops—not to mention wage packets affected by unemployment—are others.

Perhaps of longer-term significance and therefore more serious are the effects of the cold on prices (many of which will not be reduced when the spring comes) and on confidence. If nothing else, the cold weather seems likely to produce yet another delay in capital spending decisions at a time when Commerce Department forecasts are predicting at best a 6 per cent. growth in capital spending this year in real terms, and some industrialists see these forecasts as optimistic.

Why therefore, against these uncertainties, can it be argued that U.S. industry is fundamentally in a strong position? Perhaps the basic reason is that over the past two years major corporations have refinanced and restructured their balance sheets. In 1976, non-financial corporations raised $24bn. through bond issues of mainly medium and long term debt. They used much of the money to repay bank borrowings of short duration. The rise in corporate profits increased their cash flow thus reinforcing corporate liquidity. For 1976 as a whole, again using Commerce Department estimates, it would seem that after tax profits for U.S. corporations will be around 26 per cent. higher than in 1975, running in the fourth quarter at an annual rate of $89.5bn.

The concentration of balance sheet restructuring has also meant that companies have been stricter in their control of stocks, and generally in their control of overheads so corporations generally are believed to be well placed to finance increased production or investment. The greatest weakness in the longer term continues to be the failure to make those investment decisions.

### AMERICAN NEWS

## Westinghouse move in Canada

BY JAMES SCOTT TORONTO, Feb. 9.

WESTINGHOUSE Electric of Pittsburgh next month will offer to buy all publicly held shares of Westinghouse Canada at $26 a share but it is also prepared to offer a cash payment of $3.35 a share to holders who prefer to keep their Westinghouse Canada shares. If all shares were turned in the offer would cost the American company $17.9m.

The move is the latest act in a long running battle for control of the Canadian company's appliance division that ended with the sale of the division to a newly formed company, Canadian Appliance Manufacturing Company, now the largest appliance manufacturer in Canada.

### N. Telecom record

MONTREAL, Feb. 9.

NORTHERN TELECOM reported record sales and earnings in 1976, for the fourth consecutive year. The company said unaudited results indicated that consolidated sales for the year ended December 31, 1976, were $1.11bn. compared with $1.02bn. for 1975, an increase of 9.2 per cent. Consolidated net earnings for 1976 rose 14.2 per cent. to $77.1m., or $2.91 per share, compared with $67.5m., or $2.55 per share, earned in 1975.

These results include an extraordinary gain in 1976 of $3.2m. from the use of a subsidiary's prior years' tax losses, and reflect an extraordinary loss provision in 1975 of $2.7m. relating to discontinued semiconductor operations.

Mr. Robert C. Scrivener, chairman, said that price increases in 1976 accounted for less than 4 per cent. of Canadian sales. He added that the company achieved the record sales and earnings as a result of its continuing very substantial productivity gains and its superior technology.

The company anticipated improved performance in 1977, although it had been obliged by federal anti-inflation board to defer certain domestic price increases.

Consolidated sales for the fourth quarter of 1976 were $279.5m., compared with $234.4m. for the final quarter of 1975, up 19.2 per cent. Consolidated net earnings rose 26.2 per cent. to $17.8m., or $0.67 per share, in the quarter, up from $14.1m., or $0.53 per share, earned in the same period in 1975. The fourth quarter 1976 results include an extraordinary item of $1.1m. from reduced income taxes arising from the use of a subsidiary's prior years' tax losses.

### EUROBONDS

## Shell International to raise $300m.

BY TONY HAWKINS

SHELL INTERNATIONAL Finance to to raise $300m. in the Eurobond market with a private placing of 10 year bullet bonds on a 7¾ per cent. coupon. Joint lead managers for the issue are the three Swiss houses—Swiss Bank Corporation (Luxembourg), Credit Suisse White Weld and the Union Bank of Switzerland (Securities). The issue is to be placed mainly in Switzerland. Initial market reaction has been favourable with dealers describing the terms as realistic under current market conditions.

The $300m. Shell private placing follows a $200m. two tranche private placing in the Eurobond market last month by the Mobil Group on extremely aggressive terms. Both issues are exceptionally large by Eurobond market standards for corporate borrowers, but the Shell issue is likely to be very well received because the terms are realistic and because the Eurobond market has long been starved of top quality corporate paper. Dealers said yesterday that they expected that this new issue would be easy to place.

The $100m. 8 per cent. 1984 Venezuela issue has been priced at 99¼, the lead manager, First Boston (Europe) announced. In after-market trading yesterday, Venezuela was priced at 97¾/98¼. The book is understood to have been comfortably oversubscribed with a strong Middle East investment interest and some considerable Swiss interest as well.

A feature of the market yesterday was the strength of the quotation for Williams and Glyn's floating rate issue. This was being quoted at 100¼/100¾ having been priced at par on a 6¼ per cent. minimum coupon. Secondary market support for this issue appears to be good following the good reception that the name received in the primary market.

In secondary market trading yesterday, seasoned bonds tended to improve but the new issues were again out of favour with the exception of the new Williams and Glyn's floater. The European Coal and Steel issue, having been priced at 99 (with what analysts describe as too low a coupon) was traded at 97½/98. The Beneficial Finance issue, priced at 99, was also traded at a significant discount at 97¼/97¾. But seasoned bonds tended to be ¼ per cent. better on balance in moderate turnover.

In the Euromark market, the DM50m. ten-year private placement for the Republic of Austria has been priced at 99½ on a 6¾ per cent. coupon. The lead manager is Commerzbank. Norges Kommunalbank is reported to be planning a DM100m. Eurobond issue with a ten-year maturity later this month. The lead manager is to be Westdeutsche Landesbank.

Meanwhile it is understood that the DM loan calendar for this month, originally set at DM850m. has been trimmed to around DM560m. because of the tight current market situation. In addition to the Norges Kommunalbank issue of DM100m there will be a DM200m. issue for an as yet undisclosed borrower.

#### BONDTRADE INDEX

| | Wednesday | Tuesday |
|---|---|---|
| Medium | 102.40 | 102.39 |
| Long | 94.75 | 94.73 |
| Convertible | 108.45 | 108.52 |

## Toyota interim records

BY DOUGLAS RAMSEY TOKYO, Feb. 9.

THE TOYOTA group's mini-car affiliate, Daihatsu Motor, has reported record half-yearly sales and profits for the six months to December. The Osaka company, in which Toyota Motor has a 7.5 per cent. shareholding, announced pre-tax earnings of Y2.8bn. ($9.7m.), up 54 per cent. on the same period of 1975. (Daihatsu's financial year ends on June 30, so the results announced to-day are for the first half of the fiscal year.)

Profits rose steadily in the period as a result of the 25 per cent. boost in sales to Y97.4bn. ($336m.), and Daihatsu is predicting sales for the entire business year will be up around 31 per cent. on the year before to just over Y200bn. ($700m.), thanks to a growing domestic market for mini-cars and continued sales expansion in third world markets. (Exports may double for the year to 36,000 units, going from 11 per cent. to 17.5 per cent. of total sales.)

The dividend for the period was put up from Y2.5 to Y3 per share to commemorate a forthcoming milestone: Daihatsu Motor was founded in March, 1907—earlier than any of Japan's other existing car makers.

### Honda announces bonus issue

HONDA MOTOR said it will make a one-for-ten bonus issue to shareholders at the end of February, increasing its capital to Y28.05bn. from the present Y25.50bn.

The bonus issue aims at returning to shareholders part of the premium Honda obtained from public placement of 26m. Capital stocks at market value in September, 1973, it said.

Honda said it hopes to report after-tax profit of Y15bn. in the current business year ending February 28 on sales of Y663.8bn., compared with Y11.95bn. and Y563.80bn. respectively, in the preceding year.

It said its four-wheeled vehicle sales in the later half year ending this month are expected to reach 310,000 units from 281,000 in the first half, due to increased exports.



#### VONTOBEL EUROBOND INDICES
14.5.76=100%

| INDEX | 8.2.77 | 1.2.77 | AVERAGE YIELD | 8.2.77 | 1.2.77 |
|---|---|---|---|---|---|
| Bonds | 103.54 | 103.29 | DM Bonds | 7.473 | 7.516 |
| Bonds & Notes | 101.78 | 101.44 | HFL Bonds & Notes | 8.292 | 8.370 |
| $ Strt. Bonds | 102.26 | 102.32 | U.S. $ Strt. Bonds | 8.445 | 8.434 |

## SELECTED EURODOLLAR BOND PRICES
### MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Alcan 9½pc 1988 | 104½ | 105 |
| Australia 8½pc 1991 | 101 | 101½ |
| Bowater 9½pc 1986 | 102 | 102½ |
| Canadian N. Rly. 8½pc '86 | 100½ | 101½ |
| Credit National 8¾pc 1986 | 98½ | 99½ |
| Denmark 8¾pc 1984 | 99½ | 100½ |
| ECS 9½pc 1986 | 102½ | 103½ |
| EIB 8¾pc 1988 | 100½ | 101½ |
| Erap 9½pc 1985 | 103 | 103½ |
| Esso 8pc 1986 Nov. | 102½ | 103½ |
| Eurofima 8¾pc 1983 | 102½ | 103½ |
| Granges 9½pc 1985 | 101½ | 102 |
| Hamersley 9½pc 1992 | 100½ | 101½ |
| ICI 8½pc 1987 | 97 | 97½ |
| ISE Canada 9½pc 1986 | 103½ | 104 |
| Macmillan Bloedel 9pc 1992 | 96 | 96½ |
| Massey Ferguson 9½pc 1991 | 103½ | 104 |
| Michelin 9½pc 1988 | 101½ | 102½ |
| Midland Int. Fin. 8½pc 1986 | 99½ | 100½ |
| Modo 9pc 1986 | 98½ | 99½ |
| Natl. Westminster 9pc 1986 | 101½ | 102½ |
| Newfoundland 9½pc 1988 | 100 | 101 |
| Norges Komm. Bk. 8½pc '91 | 98½ | 99½ |
| Norpipe 8½pc 1986 | 103 | 103½ |
| Norsk Hydro 9pc 1991 | 102½ | 103 |
| Norsk Hydro 8½pc 1982 | 97½ | 98½ |
| Oslo 9pc 1988 | 101½ | 102½ |
| Ports Autonomes 8pc 1991 | 99½ | 100 |
| Prov. Quebec 9pc 1984 | 99 | 100 |
| Quebec Hydro 8½pc 1986 | 98½ | 99 |
| Prov. Saskatchwn. 8½pc '86 | 102 | 102½ |
| Skand. Enskilda 9pc 1991 | 100½ | 101½ |
| SKF 8pc 1987 | 99½ | 100 |
| Volvo 9½pc 1985 | 102½ | 103 |

| NOTES | Bid | Offer |
|---|---|---|
| Australia 8½pc 1983 | 102 | 102½ |
| Australia 8½pc 1986 | 101½ | 102½ |
| Dow Chemical 8pc 1986 | 102 | 102½ |
| ECS 7¾pc 1982 | 97½ | 98 |
| EEC 8¼pc 1982 | 100½ | 101½ |
| Enso Gutzeit 8½pc 1984 | 99 | 99½ |
| Gotaverken 8pc 1982 | 100½ | 101½ |
| Kockums 8pc 1983 | 99½ | 100½ |
| Michelin 8¼pc 1983 | 101½ | 102½ |
| Montreal Urban 8½pc 1981 | 99½ | 100½ |
| Natl. Coal Board 8½pc 1981 | 101 | 101½ |
| Nw. Brnswck. Prv. 8½pc '83 | 102½ | 103½ |
| New Zealand 8½pc 1986 | 100 | 100½ |
| Nippon Fudosan 8pc 1981 | 100 | 100½ |
| Sth. of Scot. Elec. 8½pc '81 | 99½ | 100 |
| Swedish State Co. 7¾pc '82 | 99½ | 100½ |
| Venezuela 8pc 1984 | 97½ | 98½ |

| FLOATING RATE NOTES | Bid | Offer |
|---|---|---|
| BCO Brasil 6¾pc min. 1982 | 97½ | 98½ |
| BNP 5¼pc min. 1983 | 98 | 99½ |
| BNP 7pc min. 1983 | 100½ | 101½ |
| IBJ 6pc min 1982 | 99 | 99½ |
| Lloyds 7¼pc min. 1983 | 100½ | 101½ |
| LTCB Japan 6½pc min. '81 | 99½ | 100 |
| Midland 7½pc min. 1983 | 101½ | 102 |

| D-MARK BONDS | Bid | Offer |
|---|---|---|
| Austria 7pc 1987 | 99½ | 100 |
| Beecham 8pc 1983 | 102 | 102½ |
| Bergen 7½pc 1989 | 98½ | 99½ |
| BFCE 7pc 1987 | 98½ | 99 |
| EIB 8¼pc 1984 | 98½ | 99½ |
| ICI 7½pc 1986 | 99½ | 100½ |
| New Zealand 7½pc 1986 | 103 | 104 |
| Norway 6½pc 1982 | 100 | 100½ |
| Shell 6½pc 1989 | 95½ | 96½ |
| World Bank 7pc 1987 | 97½ | 98½ |

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express 4¼pc '87 | 92½ | 94½ |
| Ashland 5pc 1988 | 95 | 96 |
| Beatrice Foods 4½pc 1992 | 98 | 100 |
| Beatrice Foods 6¾pc 1992 | 111½ | 113½ |
| Borden 5pc 1992 | 102½ | 104½ |
| Broadway Hale 4½pc 1987 | 79 | 81 |
| Canon Camera 7¼pc 1989 | 129 | |
| Carnation 4pc 1987 | 85 | 87 |
| Chevron 5pc 1988 | 133 | 135 |
| Dart 4¾pc 1987 | 84 | 86 |
| Eastman Kodak 4½pc 1988 | 97½ | 99½ |
| Economic Labs. 4½pc 1987 | 79 | 81 |
| Fed. Dept. Stores 4¾pc '85 | 107 | 109 |
| Firestone 5pc 1988 | 87 | 89 |
| Ford 6pc 1988 | 98 | 100 |
| Ford 5pc 1988 | 90 | 92 |
| General Electric 4¼pc 1987 | 86 | 88 |
| Gillette 4¾pc 1987 | 78 | 80 |
| Gould 5pc 1987 | 118 | 120 |
| Gulf and Western 5pc 1988 | 87 | |
| Harris 5pc 1992 | 106 | 108 |
| Honeywell 6pc 1986 | 88½ | 89½ |
| ITT 4½pc 1987 | 84 | 86 |
| Komatsu 7½pc 1990 | 106 | 107½ |
| J. Ray McDermott 4¾pc '87 | 138½ | 139½ |
| Mitsubishi Elec. 7½pc 1991 | 110 | 111½ |
| Mitsui 7¼pc 1990 | 107 | 109½ |
| J. P. Morgan 4¾pc 1987 | 104 | 106 |
| Nabisco 5½pc 1988 | 99 | 101 |
| Owens Illinois 4½pc 1987 | 114 | 116 |
| J. C. Penney 4½pc 1987 | 87½ | 89½ |
| Pioneer 6½pc 1988 | 269 | |
| Raymond 8½pc 1989 | 126 | 128 |
| Revlon 4¼pc 1987 | 104 | 106 |
| Reynolds Metals 5pc 1988 | 93 | 95 |
| Sperry Rand 4¼pc 1987 | 91 | 93 |
| Squibb 4½pc 1987 | 83 | 85 |
| Texaco 4½pc 1988 | 81½ | 83½ |
| Toshiba 6½pc 1990 | 107½ | 109 |
| Union Carbide 4½pc 1982 | 103½ | 105½ |
| Warner Lambert 4½pc 1987 | 85 | 87 |
| Warner Lambert 4½pc 1988 | 79½ | 81½ |
| Xerox 5pc 1988 | 80½ | 82½ |

Source: Kidder, Peabody Securities.

# INTL. FINANCIAL AND COMPANY NEWS

# Losses cut by 96% at ENI

BY PAUL BETTS

ROME, Feb. 9.

IN CONTRAST with the current heavy loss making trend of Italy's major State-owned enterprises, the Italian State hydrocarbon concern ENI has reported a sharp decline of about 96 per cent. in group losses last year compared to 1975.

Addressing the Senate Budget Committee yesterday, ENI's chairman, Sig. Pietro Sette, said that the group's losses had dropped from L119bn. (about £79.3m.) in 1975 to only L5bn. (about £3.3m.) last year.

Last week the Senate Budget Committee heard the chairman of the State holding company IRI, Sig. Giuseppe Petrilli, report an increase in IRI's losses from L490bn. (about £327m) in 1975 to L670bn. (about £447m.) last year.

Unlike other Italian State-owned industries now crying out for extra State subsidies to consolidate their precarious financial structures, Sig. Sette's message to the Senate Budget Committee has been widely read here as an appeal to ascribe substantial new funds to assist "healthy" companies in their long-term development programmes, rather than pursue the old policy of bailing out Italy's perennial loss making concerns.

Sig. Sette pointed out that ENI's investments last year had increased from L939bn. (about £616m.) in 1975 to L1,100bn (£733m.). The group's investment programme this year envisaged a spending of between L1,350bn. and L1,400bn., but in view of the current economic climate, the chairman said, new projects had been drawn up, related in particular to scientific research and to the needs of oil producing countries.

So far, Sig. Sette claimed, ENI had not received any part of the L1,200bn. in State subsidies which was due to be spread over five years starting from 1975. The Chairman pointed out that State-owned industries still represented the backbone of the Italian economy.

Sig. Sette also warned that a sound energy policy must be based on long-term energy saving programmes, the development of possible domestic energy sources, and through a rational revision of the current price system which would almost certainly entail price increases.

Refineries, he added, were in crisis throughout Italy, an investments in the next fiv years will therefore be concen trated on plants with greates potential and profitability Priority investments had als been earmarked for the Mezz giorno, including the develo ment of power plants, methan plants and the chemical secto as well as hydrocarbon explor tion in the area.

Two of the group's compani —Snam Progetti and Saipem were planning to increase the activities in the infrastructu field to meet the growing dema of oil producing countries. Si Sette also said that there we recovery plans for the grou ailing chemicals and textil sectors.

SOUTH AFRICAN COMPANIES

# Profit margins under pressure

BY RICHARD ROLFE

JOHANNESBURG, Feb. 9.

RESULTS now filtering through from South African companies for the six months to end-December continue the trend shown for the reporting periods immediately preceding this latest, with profits generally holding up well despite the general economic recession. However, margins are clearly under pressure and a cautious approach is in most cases being adopted to dividends, with few hikes this time round.

CADBURY-SCHWEPPES achieved a big turnround over the year, with profits up from R0.8m. to R1.4m. net and earnings from 15c to 28c. The dividend has been raised from 7c to 11c, putting the shares, which are 66 per cent. owned by the U.K. parent, on a yield of 16 per cent. at the present 70c price. The key to the improvement is in the reduced loss attributable to minority shareholders, which is down from R0.8m. to only R46,000. This follows last year's reorganisation by which Schweppes South Africa was merged with the local interests of Coca Cola.

* * *

Results from the two industrial conglomerates to report this week are more mixed. CALAN, which manufactures rubber goods, lighting equipment, pipes and so on, raised turnover from R46m. to R55m. for its interim period to December 31, but the gain in net profits was just from R2.6m. to R2.8m. This put earnings up from 38c to 41c, and the interim dividend has been held at 9c. The Board does not expect pretax margins, which shaded from 9.6 per cent. to 7.9 per cent., to improve in the near future, and has excluded the trading results of its Rhodesian subsidiary apart from dividends, which dropped earnings by 1.5c on a comparative basis. The shares at 275c yield 10.7 per cent. on last year's 30c total dividend.

* * *

From the veteran conglomerate PROTEA HOLDINGS, involved in electrical goods, metals and engineering, the news is less good, with trading profit for the half year down from R7.7m. to R6.3m. on turnover marginally lower at R91m. At the net attributable level, with last year's preference share issue biting into earnings, the fall is from R4.4m. to R3.4m. and earnings are down from 14.8c to 11.5c. Like Calan, the Board expects no improvement in the current year, and has declared an unchanged interim of 3c. The Board forecasts similar earnings in the second half, but it is not clear whether the total dividend will be maintained at last year's 13c. With the shares at 68c, yielding 19.1 per cent., the market has obvious doubts.

# New Board at Bally sets its targets

By John Wicks

ZURICH, Feb. 9.

AN INCREASED mark share for Bally shoes in wor markets is the aim of the ne Board of the group's Zuric based holding company C. Bally AG. In a letter to sha holders, the Board states th it wants to strengthen the co pany's position in "vario national and internation markets" for quality fashi shoes, using both the grou own shops and other ret outlets.

Bally's production units a seen as a particularly i portant part of the expans programme, as supplying t core of the collection a guaranteeing the necessa technical know-how. Reorga ation already in hand is be continued, particularly the field of design and mark ing, and group profitability intended to be strengthen further in order to retain a "if possible, expand" exist workplaces and provide funds essential for expansi The Board also expresses intention of systemati diversifying into suita allied sectors.

This letter, which had be promised shareholders at t January 20 extra-ordina general meeting at which new Board took over, states that initial talks h been held with employees' presentatives and that "e lent contacts" with cantonal and federal aut ties in Switzerland are to continued and expanded.

Some observers in bank and stock exchange circ feel that the letter leaves mu to be desired, as giving no e details as to how the inten improvement of the B group's situation is to brought about. The le itself makes no mention of a specific new policies differ from those of the form adu inistration.

Canton Soleure, in wh the group's biggest single p duction unit is located, has present no comment to ma on the letter. Earlier t month it had informed Ba that statements made at t January 20 meeting were sufficient to indicate t future employment situat in the group.

# Le Materiel boosts Thomso

PARIS, Feb. 9.

THOMSON-BRANDT SA ports consolidated provisio 1976 sales of Frs.16.83b (12.56bn.), reports Reuter.

The company said that, the basis of an unchang group structure, 1976 sa were Frs.15.13bn., a rise 20.5 per cent. on 1975.

Sales of Le Matériel Te phonique SA accounted Frs.1.7bn. of 1976 sales.

ECZACIBASI PHARMACEUTICAL

# Faith in Turkish medicine

BY METIN MUNIR IN ANKARA

THE WHOLE venture started in Istanbul in 1941 with vitamins A and D mixed in refined oil and marketed as cod liver oil, a liquid then much sought after by old Turkish people who tolerated its horrid taste for its strength-giving qualities.

As a result of the war the real thing imported from Norway had disappeared, leaving a gap for enterprising people. Mr. Nejat Eczacibasi, then a 28-year-old doctor of chemistry with degrees from Heidelberg, Berlin and Chicago Universities and the Kaiser Wilhelm Institute, rented a four room flat in what he describes as the "wrong side of the town" and started concocting his "cod liver oil" at night and selling it during the day time.

A year later, with business booming he launched a ceramics works with a small furnace and four workers and started making tea, coffee and yoghurt pots and glasses. There was a shortage of these too, he relates, with people reduced to cutting off bottles from the middle and using hteir bottoms as glasses.

These two ventures soon made Mr. Eczacibasi a rich man. His cod liver oil venture had started with an "incalculably small capital" and his ceramics works with about $4,000. Wishing to expand Mr. Eczacibasi says he applied to the newly established Industrial Development Bank of Turkey for credit.

## Real medicine

"They found this very odd," he says of the banks' directors. "They did not want to give me credit. They did not believe Turks could produce real medicine which would really cure people." He insisted, however, and won his credit facilities in 1952 establishing the first pharmaceutical plant ever in Turkey.

Mr. Eczacibasi built a vast entrance hall for his plant and an office for himself calculated to impress his prospective customers who, like the bankers, had little faith in Turkish medicine. He obtained licences from Parke-Davis and, luckily enough, Squibb built a much smaller plant than his in front of the Eczacibasi plant, also a psychological advantage, he says.

"To-day," says Mr. Eczacibasi, "not a tube of medicine is imported into Turkey."

At 62 the pioneer Eczacibasi is one of Turkey's wealthiest men and his pharmaceutical plant has evolved from a small flat into a modern establishment, forming the nucleus of the Eczacibasi empire. The plant covers 35 000 square metres and employs 1,500 people.

The Eczacibasi Pharmaceutical Company is one of the 20 biggest in Turkey, meeting 15 per cent. of local demand. Production ranges over pharmaceutical, veterinary and over-the-counter products in 83m. packets.

Forty per cent. of the plant's production is Turkish, and the remainder is licensed from some 15 foreign manufacturers ranging from the U.S. to Japan.

The Eczacibasi Group is said to be the third biggest privately owned one in Turkey. Its wholly owned subsidiaries include Eczacibasi Vitreous China, whose sanitary ware and ceramic table ware meets domestic demand entirely.

The group's wholly owned subsidiaries number five, other subsidiaries four, and it has minority interests in some six industry, insurance and tourism ventures.

The group's consolidated assets are over $60m. and it hopes for pre-tax profits in 1976 of $7.5m. — 29 per cent. higher than the previous year. Sales are expected to exceed those of 1975 by 50 per cent., reaching $75m. Exports would exceed $3m., virtually all made by an Eczacibasi-Unilever tomato paste, canned fruit and vegetable plant.

## Plans

Eczacibasi has plans to build a wholly owned paper plant, expand in the foodstuffs branch, enter into a $60m. per-chemical venture with the State-owned Petkim, and effect other expansion projects.

Mr. Eczacibasi, silver-haired, tall, impeccably dressed and a lover of classical music, speaks fluent English, French and German.

Eczacibasi means the chief chemist. It was given to Mr. Eczacibasi's father, Ferit, who opened the first Turkish-owned chemist shop in Izmir in 1912. Eczacibasi senior was also an enterprising man who became wealthy in the line his son was to develop greatly later on. One of his products was the "Ferit Power Potion." It was advertised as a "sure-fire cure" for, among other things, "nerve, bone and stomach ailments, anaemia, post-ailment weaknesses, for children who wet the bed, impotency and old people."

# ASL reports loss for first half

By Kenneth Randall

CANBERRA, Feb. 9

ASSOCIATED SECURITIES (ASL), the Sydney-based financier, is the latest to be burnt by the slump in the commercial property market in Australia. ASL to-day reported a loss for the half-year to the end of December of $A17.7m. (about £11.3m.).

Directors said there had been a trading loss of $A1.9m. for the six months but the figure was swelled by provision for future property and mortgage losses, foreign exchange losses and possible down-valuation of assets.

The ASL result follows last week's announcement, in similar circumstances, of a $A23m. (about £14.7m.) property write-off by Commercial and General Acceptance, the finance arm of Commercial Banking of Sydney.

ASL's major shareholder, with 46 per cent., is Ansett Transport Industries, operator of Ansett Airlines of Australia.

The ASL directors reported that trading had returned to profit in December and January and they expected to declare a profit for the half-year ending in June.

## Fujitsu sales jump

FUJITSU expects to report a 27 per cent. increase in after-tax profit for the current fiscal year to March 31 at Y8.50bn. from Y6.69bn. last year, on sales of Y329bn., 14 per cent. above last year's Y288bn., a company spokesman said, reports Reuter from Tokyo.

The after-tax profit will include Y2.5bn. of special revenues from sales of a portion of its holding in the equity of its subsidiary, Fujitsu Fanac, whose shares had to be dispersed to the public for its listing on the Tokyo Stock Exchange last November, he said.

Fujitsu said its sales of electric apparatus have been increasing, while those of electronic computers — especially mini-computer—have also been rising. Exports, chiefly of computers, are expected to more than double to between Y38bn. and Y39bn. from Y16.3bn. in the last fiscal year, he said.



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NEW YORK, Feb. 9.

THE RECENT decline gathered momentum on Wall Street to-day, reflecting concern about the fate of President Carter's Tax Package to stimulate the economy, worry about the cold weather impact on the economy, and techincal considerations.

By 1 p.m. the Dow Jones Industrial Average was down 7.32 to 934.92 and the NYSE All Common Index dipped 29 cents to $55.04, while declines widened their lead over gains to more than a two-to-one margin. But the trading volume decreased 350,000 shares to 12.85m., compared with 1 p.m. yesterday.

**Closing prices and market reports were not available for this edition.**

Some technical analysts said the drop below 940 on the D-J Industrial Average, which had been regarded as a technical support area, brought in fresh selling of stocks to-day.

Northern Natural Gas were off $1 at $46, but Standard Oil of Ohio were lifted $2¾ to $83½ and Atlantic Richfield advanced $1½ to $56¾.

Franklin Mint rose $1 to $23¾ on higher earnings.

Ford Motor gave way $1½ to $56¾, Chrysler $¾ to $20¼ and General Motors $1½ to $71¾—analysts attribute selling in Motors to concern that President Carter's warning yesterday, that his Energy Message will require sacrifices, could hint at some restraints on car use.

E. F. Johnson fell $1½ to $11½ on its loss for the fourth quarter.

THE AMERICAN S.E. Market Value Index dipped 0.30 to 112.94, while the turnover decreased 20,000 shares to 1.82m. compared with 1 p.m. yesterday.

Syntex surrendered $¾ to $21, but heavily traded Husky Oil gained $¾ to $22¾.

### TUESDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Marriott | 379,700 | 11 | −¼ |
| Sony | 302,100 | 9 | −¼ |
| Florida Power Light | 285,100 | 26¼ | −¼ |
| Occidental Petrolm. | 269,400 | 24¼ | — |
| Xerox | 260,500 | 51¼ | −¾ |
| General Motors | 250,100 | 72 | −1¼ |
| Gulf & Westn. Inds. | 229,800 | 14¼ | −¼ |
| Mary Kay Cosmetics | 223,700 | 15 | −1½ |
| Exxon | 216,600 | 52¼ | −¼ |
| Sears Roebuck | 210,500 | 65¼ | −¼ |

## OTHER MARKETS

### Canada again mixed

Canadian Stock Markets remained mixed in light trading yesterday morning. Rising prices among Golds and Oils countered moderate losses among Metals and Industrials.

Husky Oil advanced $1 to $22¾ in active trading. Northern Telecom rose $¼ to $29, and Calgary Power put on $¾ at $33½.

PARIS—Majority of French shares advanced in slightly more active trading, reflecting a cut of ⅛ per cent. to 8⅞ per cent. in the Call Money rate.

Motors, Portfolios, Hotels, Stores, Metals and Oils mostly moved ahead. But some weakness was still seen in Electrical, Banks, Foods, Chemicals and Textiles.

Americans, Oils and Coppers were easier in an otherwise improved International section.

BRUSSELS — Generally lower after active trading.

Steels were mixed. Arbed rose B.Frs.100 to 3,320 but Clabecq declined B.Frs.60 to 3,000. Declines predominated among non-Ferrous Metals. Chemicals were easier. Oils also were off and Holdings lower.

U.S. stocks gave ground. German and Dutch sectors finished lower, but French shares firmed. South African Golds gave ground.

AMSTERDAM — Market fell further as Dutch strikes entered their third day, but trading conditions were calm.

Banks were narrowly mixed; Insurances and Transportations declined, while Dutch Industrials were broadly lower.

Bonds were steady, to Fls.0.20 higher.

GERMANY—Most shares were barely changed in very quiet trading.

In Motors VW rose DM1.70.

Banks, Chemicals and Steels moved around DM1 either way.

Public Sector Bonds gained up to DM0.35. Regulating authorities sold DM35m. worth of stock Mark Foreign Loans also higher.

SWITZERLAND — Downward tendency continued, attributed partly to a gloomy forecast by the Swiss Government's Commission for economic trends for 1977.

Financials were easier, while other sectors were slightly lower.

Bally rose Frs.85 to 1,425 on plans to improve its business.

Oerlikon-Buehrle shed Frs.20 to 1,935 on a planned capital increase.

Dollar stocks drifted lower in moderately active trading, Dutch International steady, Germans narrowly mixed.

VIENNA—Little changed in light trading.

MILAN — Moderately higher, but dealings wer scarce owing to operators' reserve, with sentiment influenced by political and social uncertainties.

Bonds showed minor fluctuations either way.

SPAIN—Most leading issues gave ground, with the index shedding 0.60 to 92.05. There was some buying of Campsa.

COPENHAGEN—Higher in active trading, with Banks, Communications, Commodities, Shippings, Insurances and Industrials all gaining ground.

OSLO—Bankings and Shippings were slightly firmer, while Insurances and Industrials were quiet.

JOHANNESBURG—Gold shares closed at day's best levels following renewed local interest stimulated by the higher bullion fixing. There was some mixed London interest.

Financial Minings followed Producers but gains were smaller. Coppers were quiet.

HONG KONG—Lower in slow trading.

Hong Kong Bank were down 10 cents to $HK20.70, Hong Kong Land 15 cents to 7.65, New World 1 cent to 1.35, Hutchison 2½ cents to 3.425, Wheelock "A" 5 cents to 2.65, Jardine 20 cents to 8.50, Swire Pacific "A" 15 cents to 8.95, Hong Kong Telephone 25 cents to 23.25 and Hong Kong and Kowloon Wharf 30 cents to 16.00.

TOKYO — Lower on heavy profit-taking in Blue Chips. Volume 310m (300m.) shares.

"High-priced" Electricals and Motors turned down following a fall of Y13 to 727 in Honda on its smaller than expected one-for-10 bonus issue.

Ball Bearings continued to decline on the EEC's decision of a 20 per cent. Penal Duty on imports of Japanese ball bearings.

Petroleums continued firm on the yen's advance, and Electric Powers also firmed on active Institutional buying.

Chemical Fertilisers also improved on reports China was expected to start fertiliser purchase talks with Japan shortly.

Palamin unchanged at R10.75 despite increased profits. Platinums fluctuated around previous levels.

AUSTRALIA—Selling depressed most sectors, taking markets down to their lowest level for the year, although there was resistance in some key sectors.

In Minings, however, Pancontinental rose 20 cents to $A9 and Renison gained 20 cents to $A8.80.

Peko-Wallsend shed 7 cents to $A4.35.

Utah rose 5 cents to $A4.65 in a generally firmer Energy sector.

A large block (123,935) of Jennings Convertible Notes traded in a special sale of $A3.35 each, some 15 cents above market price.

## Indices

### NEW YORK —DOW JONES

| | Feb. 8 | Feb. 7 | Feb. 4 | Feb. 3 | Feb. 2 | Feb. 1 | 1976-77 High | 1976-77 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrial | 942.24 | 946.51 | 947.89 | 947.14 | 952.79 | 958.36 | 1014.79 (21/9) | 858.71 (2/1) | 1051.70 (11/1/73) | 41.22 (8/7/32) |
| Home Bonds* | 91.35 | 91.55 | 91.15 | 91.26 | 91.40 | 91.51 | 93.57 (6/1/77) | 85.68 (13/7) | — | — |
| Transport | 227.74 | 228.19 | 227.73 | 226.66 | 227.78 | 226.85 | 237.52 (5/1/77) | 176.69 (2/1) | 279.88 (7/2/69) | 13.23 (8/7/32) |
| Utilities | 109.53 | 109.47 | 109.16 | 109.90 | 109.31 | 109.57 | 111.67 (25/1/77) | 84.8 (26/5) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading vol. 000's | 24,040 | 20,700 | 23,130 | 23,750 | 25,700 | 23,700 | — | — | — | — |

* Basis of index changed from July 1

| Ind. div. yield % | Feb. 7 | Jan. 31 | Jan. 14 | Year ago (approx.) |
|---|---|---|---|---|
| | 4.55 | 4.27 | 4.21 | 3.91 |

### STANDARDS AND POORS

| | Feb. 8 | Feb. 7 | Feb. 4 | Feb. 3 | Feb. 2 | Feb. 1 | 1976/77 High | 1976/77 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| *Industrials | 112.75 | 113.11 | 113.09 | 113.07 | 113.67 | 113.89 | 120.89 (21/9) | 101.64 (2/1) | 134.54 (11/1/73) | 3.52 (30/6/32) |
| †Composite | 101.60 | 101.99 | 101.86 | 101.85 | 102.86 | 102.54 | 107.83 (21/9) | 90.90 (2/1) | 125.85 (11/1/73) | 4.40 (1/6/32) |

| | Feb. 3 | Jan. 26 | Jan. 19 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 3.89 | 3.87 | 3.77 | 3.30 |
| Ind. P/E Ratio | 11.09 | 11.07 | 11.24 | 14.06 |
| Long Govt. Bond yield | 6.87 | 6.13 | 5.91 | 5.81 |

### N.Y.S.E. ALL COMMON

| Feb. 8 | Feb. 7 | Feb. 4 | Feb. 3 | 1976-77 High | 1976-77 Low |
|---|---|---|---|---|---|
| 55.33 | 56.48 | 55.46 | 55.42 | 57.83 (31/12) | 57.06 (2/1/76) |

| Rises and Falls | |
|---|---|
| Issues Traded—1,891 | Up—654 |
| Down—742 | Same—495 |
| New Highs—67 | New Lows—10 |

## OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—98% (98%).

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
● DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ○ Frs.500 denom. unless otherwise stated. Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins b Shillings c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. % h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa ex all. Δ Interim since increased.

### NEW YORK

| Stock | Feb. 8 | Feb. 7 |
|---|---|---|
| Abbot Labs. | 46 | 45⅞ |
| Addressograph | 14 | 13½ |
| Corning Glass | 62 | 63 |
| CPC Int'national | 46¼ | 46¼ |
| Crane | 28¼ | 28 |
| Crocker Nat. | 26⅜ | 26¼ |
| Crown Zellerbach | 40¼ | 41⅛ |
| Johns Manville | 29½ | |
| Johnson Johnson | 68 | |
| Johnson Control | 34¼ | |
| Joy Manufacturing | 42¼ | |
| Kaiser Aluminium | 35 | |

### GERMANY ●

| Feb. 9 | Prices Dm. | + or − | Div. % | Yld. % |
|---|---|---|---|---|
| A.E.G. | 81.4 | +0.9 | — | — |
| Allianz Versich. | 410 | −2 | 18 | 2.2 |
| B.M.W. | 233.5 | +0.5 | 18 | 3.8 |
| B.A.S.F. | 156.5 | −0.5 | 14 | 4.5 |
| Bayer | 136.5 | +0.5 | 14 | 5.1 |
| Bayer Hypo. | 275 | ... | 20 | 3.7 |
| Bayer Vereinsbk. | 280.5 | −0.5 | 20 | 3.0 |
| Commerzbank | 192.5 | −0.3 | 18 | 4.7 |
| Conti. Gummi | 66.5 | −0.3 | — | — |

### MILAN

| Feb. 9 | Price Lire | + or − | Div. Lire | Yld. % |
|---|---|---|---|---|
| Alitalia Priv. | 420 | ...... | — | — |
| ANIC | 390 | +1 | — | — |
| Autonia Fin. | 2,565 | −15 | 130 | 5.4 |
| Bastogi | 810 | +10 | — | — |
| Breda | 1,700 | −15 | 105 | 6.1 |
| Burgo | 7,400 | +100 | — | — |
| Cantoni | 4,905 | −85 | — | — |
| CIGA | 1,310 | −56 | — | — |

### AUSTRALIA

| Feb. 3 | Aust. $ | + or − |
|---|---|---|
| ACMIL | †0.65 | ...... |
| Acrow Australia | †0.64 | ...... |
| Adelaide Brighton Cement | †1.20 | ...... |
| Allied Mnrg-Trdg. Indus. $1 | †1.53 | +0.02 |
| Ampol Exploration | †1.08 | +0.03 |
| Ampol Petroleum | †0.61 | −0.12 |
| Assoc. Minerals | †2.20 | −0.20 |
| Assoc. Pulp Paper $1 | †0.82 | −0.01 |

Other headings printed in this section: CANADA, PARIS, AMSTERDAM, BRUSSELS/LUXEMBOURG, SWITZERLAND, COPENHAGEN, VIENNA, TOKYO, STOCKHOLM, OSLO, BRAZIL, JOHANNESBURG (MINES, INDUSTRIALS), SPAIN ♥.

## Sterling firm

Sterling closed slightly firmer in quiet trading in the foreign exchange market yesterday but there was no indication of any intervention by the Bank of England during the day. The pound opened at $1.7160-1.7165, and touched a low point of $1.7155-1.7160. It remained at around $1.7160-1.7170 for the most part and closed at $1.7170-1.7180, a gain of 15 points on the day.

The pound's trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, was unchanged at 42.8 per cent. throughout. Its trade-weighted depreciation, as calculated by Morgan Guaranty of New York on noon rates, widened to 40.30 per cent. from 40.24 per cent.

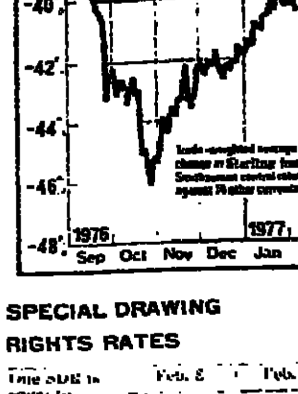
Three-month sterling's discount against the U.S. dollar widened to 3.48 cents from 3.45 cents.

The dollar tended to lose ground against most major currencies. Its trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty, widened to 1.10 per cent. from 0.88 per cent.

The West German mark was very firm, closing at DM2.4070 in terms of the dollar, compared with DM2.4150 on Tuesday.

Gold gained $2¼ to $136¾-137 following continued speculative interest. The krugerrand's premium over its gold content narrowed to 3.02 per cent. for domestic and international delivery.

In late editions yesterday the price of gold was shown as $134¾-135. This should have been $134-134¾.




### SPECIAL DRAWING RIGHTS RATES

| One SDR is equal to | Feb. 8 | Feb. 7 |
|---|---|---|
| Sterling | 0.672889 | 0.671368 |
| U.S. dollar | 1.15387 | 1.15247 |
| Belgian franc | 42.6780 | 42.8258 |
| Deutschemark | 2.78671 | 2.79347 |
| French franc | 5.73214 | 5.73008 |
| Italian lira | 1017.94 | |
| Japanese yen | 331.968 | 332.142 |
| Dutch guilder | 2.90891 | 2.91805 |
| Swedish krone | 4.92241 | 4.92393 |
| Swiss franc | 2.90233 | 2.90711 |

Values are for currencies against the SDR as calculated by the International Monetary Fund.

### EXCHANGE CROSS-RATES

| Feb. 9 | Frankfurt | New York | Paris | Brussels | London | A'sterdam | Zurich |
|---|---|---|---|---|---|---|---|
| Fr'nkf't | — | [illegible] | 48.40-65 | 6.512-512 | 4.12-13 | [illegible] | [illegible] |
| N. York* | 41.55-62 | — | 20.09-11 | [illegible] | 1.7160-7165 | [illegible] | [illegible] |
| Paris | 206.25-65 | [illegible] | — | 13.4360-61 | [illegible] | [illegible] | 197.715-11 |
| Brussels | [illegible] | [illegible] | 7.43-45 | — | 66.47-58 | [illegible] | 14.69-12 |
| London | 4.13-14 | 1.7170-7180 | 8.53¾-4¼ | 68.90-95 | — | [illegible] | 4.31-32 |
| Am'rd'm | 104.66-81 | [illegible] | [illegible] | 6.714-35 | 4.21-22 | — | 100.335-340 |
| Zurich | 104.27-34 | [illegible] | [illegible] | [illegible] | [illegible] | 99.68-76 | — |

U.S. $ in Montreal, U.S. $=102.39-43 Canadian cents. Canadian $ in New York, C$=97.65-66 U.S. cents. U.S. $ in Milan 882.60-882.50. Sterling in Milan 1513.75-1514.50. *Rates for Feb. 8

### EURO-CURRENCY INTEREST RATES*

| Feb. 9 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | W. German mark | Swiss franc |
|---|---|---|---|---|---|---|
| Short term | 13½-14 | 4⅜-4⅝ | 7-8 | 6-6½ | 4¼-4½ | [illegible] |
| 7 days notice | 13-13½ | 4½-4⅝ | 7½-8½ | 6-6½ | 4⅜-4⅝ | ⅞-1 |
| Month | 12⅞-13⅛ | 4⅝-4⅞ | 7¾-8¼ | 6-6½ | [illegible] | 1⅛-1⅜ |
| Three months | 13⅛-13⅝ | 4⅞-5⅛ | 7⅞-8⅛ | 6⅜-6⅝ | [illegible] | 1⅜-1⅝ |
| Six months | 12⅝-13⅛ | 5⅜-5⅝ | 7⅞-8⅛ | 6⅛-6⅜ | [illegible] | 1⅜-1⅝ |
| One year | 12⅝-12⅞ | 5⅞-6⅛ | 8-8¼ | 6¼-6½ | [illegible] | 3⅛-3⅜ |

Euro-French deposit rate: two-day 9¾-10 per cent.; seven-day 9¾-10 per cent.; one-month 9¾-10¼ per cent.; three-month 10⅛-10⅝ per cent.; six-month 10⅝-11⅛ per cent.; one-year 11⅛-11⅝ per cent.

Longer-term Eurodollar deposits: two years 7⅛-7⅜ per cent.; three years 7½-7¾ per cent.; four years 7¾-8 per cent.; five years 8-8¼ per cent.

The following rates were quoted for London normal certificates of deposit: one-month 4[7/16]-4[9/16] per cent.; three-month 4[11/16]-4[13/16] per cent.; six month 4[15/16]-5[1/16] per cent.; one-year 5[11/16]-5[13/16] per cent.

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

### GOLD MARKET

### FOREIGN EXCHANGES

### OTHER MARKETS

### FORWARD RATES

# FARMING AND RAW MATERIALS

## U.S. wheat growers switch crops

WASHINGTON, Feb. 9.

HARD wheat producers in Great Plains area appear to shifting to barley, oats, oil ps, cotton and possibly fallow, le soft wheat growers in the are switching to maize and abeans, the U.S. Agriculture partment said.

a summary of the wheat ation to be issued on ruary 16 the USDA said these lications and dry conditions in U.S. wheat belt point a substantially smaller wheat crop this r.

With the 1976-77 marketing r well past the halfway mark, ge supplies from the record 6 wheat crop continue to ninate the U.S. market, it said. nestic usage is near yearlier levels but exports have ered because both competing l importing countries harted bumper crops last year. The USDA estimated more n 400m. bushels of wheat uld be added to the U.S. carry- r next June 1—raising stocks more than 1bn. bushels.

t said market prices were ected to continue to rise seally as the marketing year w to a close with grower ces for the season likely to rage about $2.75 to $3.00 a hel, compared with $3.55 in 5-76.

The Department said prospects the 1977 world winter crop re generally good for major ducing countries except the Wheat growers seemed to looking at both economic ernatives and weather condis in planning for the 1977

plantings for winter wheat re down 3 per cent. and yield spects, affected by drought, cold ather, show a December 1 imate of 8 per cent. below 1976 crop of 1,566m. bushels.

The Department noted that uary 1 spring wheat growers' ntions indicated they would plantings by 16 per cent.

## LONDON MEETING FOR TEA GROUP

By Our Commodities Staff

Mr. John Silkin, the U.K. Agriculture Minister, will open the fourth session on the UN Food and Agriculture Organisation inter-governmental group on tea on February 21 at the former United Services Club, London.

The ninth session of the exporters sub-group will be held on February 14 to February 18 at the same venue. The statistical sub-group will meet in its session on February 19.

## Tin producers renew call for higher price range

BY WONG SULONG

KUALA LUMPUR, Feb. 9.

TAKING ADVANTAGE of the all-time record for tin prices, Malaysia and Indonesia to-day renewed their call to consumers to agree to a more realistic price range for the metal.

Prof. Mohamed Sadli, Indonesia's Minister of Mines, went even further, talking about the possibility of producers forming a cartel if the International Tin Council collapses. He took pains to stress, however, that producers prefer co-operation rather than confrontation with consumers.

Prof. Sadli, who met Datuk Musa Hitam, the Malaysian Primary Industries Minister, here to-day, said Indonesia shared Malaysia's concern over the future of the ITC in view of Bolivia's continued refusal to ratify the fifth tin agreement.

Of all the commodities, tin was one metal in which producers could operate a cartel successfully, as Malaysia, Bolivia, Indonesia and Thailand together accounted for more than 80 per cent. of the world's tin exports.

Both the Malaysian and Indonesian ministers said they supported Bolivia's demand for a higher price level for tin, as production costs had risen considerably.

The Indonesian Minister's visit here is to discuss the strategy for the visit of a Malaysian-Indonesian-Thai delegation to La Paz later this month to persuade the Bolivians to ratify the tin agreement.

The mission, to be led by Datuk Musa, will also visit Washington to try and reconcile U.S. opposition to a higher price level, and persuade the U.S. and other major tin consumers to contribute to the ITC stockpile, another issue which producing nations feel strongly about.

Our Commodities Editor writes: It was confirmed by UN legal experts at the meeting of the Tin Council heads of delegation this week that it would be legally feasible to extend the provisional operation of the International Tin Agreement for a further 12 months from June 1. But no action is being taken until the result of the Malaysia/Indonesia delegation to Bolivia is known.

Meanwhile tin prices ended the day virtually unchanged on the London Metal Exchange yesterday, after moving lower in early trading on nervousness following reports of one dealer in particular attempting to corner the market.

The dealer was reported to have been active yesterday was a small-scale buyer after being notable by his absence on Tuesday.

It is understood that the matter was raised at a routine meeting of the LME management committee held yesterday.

Although the Bank of England, which keeps a close scrutiny on the markets with the aid of detailed reports on all transactions, has apparently showed no concern, LME dealers felt the burst of business on a much larger scale than usual by a ring-dealer, not normally prominent on the market, should be investigated as a precaution in accordance with the Exchange rules.

## Industrial fishing attacked

BY RICHARD MOONEY

THE BLAME for Britain's fish stocks problems was laid squarely at the door of Europe's industrial fishermen—particularly the Danes—yesterday.

A group of trawlermen from England and Wales told the House of Commons Select Committee on the Fishing Industry that general acceptance of more stringent conservation measures would not be forthcoming while fish suitable for consumer consumption were being scooped-up in the small mesh nets of the industrial fishers.

"The whole damage to the North Sea stocks at present is caused by industrial fishing—taking good species for nothing more than fishmeal," said Mr. George Crawford, an owner-skipper from Tweedmouth, Northumberland.

Mr. Crawford said a system of licensing vessels was essential in the North Sea fisheries. He also argued that the European approach to fish conservation should be rethought completely, forgetting the old concept of traditional catch levels, which tended to reward irresponsible fishing.

The English and Welsh delegates echoed the views expressed by their colleagues from Scotland and Northern Ireland last week in calling for better liaison between the protection services provided by the Royal Navy and the RAF and working trawlermen.

They also complained that the "Island Class" vessels used by the Navy were not fast enough to catch most foreign "poachers."

But suggestions that Navy and RAF surveillance presented a recognisable pattern were denied. The skippers said protection patrols appeared to be at random and to be fairly constant (including week-ends and Bank holidays).

The prospect of photographic evidence (accredited by aircraft pilots) of illegal fishing becoming acceptable to magistrates was generally welcomed. Magistrates should be taken on demonstration flights to assess the value of technical evidence, the skippers said.

## India's farm output falls

BY K. K. SHARMA

NEW DELHI, Feb. 9.

A SUBSTANTIAL decline in agricultural production in the financial year ending March 31 will have adverse effects on the growth of India's economy. But the fall is unlikely to be more than 2 per cent., according to official sources.

Foodgrain production is estimated to be 112m. tonnes, which is considerably less than the 118m. tonnes produced in 1975/76.

Despite the marked improvement in industrial production—estimated to rise by more than 10 per cent., compared with the previous year—this will not be sufficient to compensate for the fall in foodgrain production and hence the drop in the growth of national income. Because of the annual rise of about 14m. in India's population, no rise in per capita income is expected in 1976/77.

But there is no danger of a food shortage because of the record 18m. tonnes which the Government has in stock—enough to take care of two successively bad monsoons.

But inflationary pressures have still to be contained: although the rate of the rise in prices has fallen, the period April to December registered an 11 per cent. rise.

## Coffee and cocoa hit new peaks

By Richard Mooney

NERVOUSNESS concerning the supply of nearby coffee due to the Dutch dock strike brought a renewed rise on the London terminal market yesterday. Further bullish pressure provided fears of possible repercussion later this month should the negotiations of a new labour contract for the International Longshoreman's Association not go well.

Some speculative interest to chart buying may also have aided the rise, which lifted the March futures position £77.5 to a record £3,066.5 a tonne.

In Rio de Janeiro the new minister of commerce and industry, Sr. Angelo Calmon, said Sr. Camillo Calazans will remain president of the Brazilian Coffee Institute. Sr. Calmon takes over the ministry following the resignation of Sr. Severo Gomes yesterday.

Cocoa prices also ended the day at new peaks despite a substantial fall in early dealings. Stop-loss selling and commission house liquidation trimmed the May position to £2,410 a tonne at one stage.

But support buying allied to speculative and jobber short-covering reversed the trend.

By close May cocoa was quoted £54.5 higher on the day at £2,493 a tonne.

● Strike action in the ports of Rotterdam and Amsterdam has had no apparent impact on arrivals of coffee, cocoa and other soft commodities, according to Amsterdam trade and shipping sources, reports Reuter.

## Bigger sugar crop likely in S. Africa

DURBAN, Feb. 9.

SOUTH AFRICAN sugar production is expected to reach 2.05m. tonnes in the 1976-77 season compared with 1.8m. in 1975-76, Mr. Peter Sale, general manager of the South African Sugar Association, told Reuters. This would yield an exportable surplus of about 800,000 tonnes.

In Brussels the EEC Commission authorised sales of 35,500 tonnes of white sugar at the weekly export tender (32,300 last week) with a maximum export rebate of 17.438 units of account per 100 kilos (16.999 UA), Commission sources said.

It also raised fortnightly fed export rebates to 16.64 UA for whites (11) and to 15.31 UA for raws (10).

HAWAII

## Sweeter outlook for pineapples

BY ART GARCIA

THE HAWAIIAN pineapple industry is faring well these days, according to Dr. Thomas Hitch, senior vice president and economist for First Hawaiian Bank in Honolulu.

That is a sharp change from conditions a decade ago, when Hawaii's high labour and production costs priced the island state's canned fruit and juice out of the market and pushed growers and packers into bankruptcy.

Seven major pineapple companies operating in Hawaii were forced out of business and thousands of workers lost their jobs.

The picture is much brighter to-day, with 113.7m. pounds of Hawaiian pineapple shipped to the mainland U.S. or consumed locally in the first nine months of last year.

### Adjusted

First Hawaiian Bank's economists, who earlier forecast continued troubles for Hawaii's sugar industry, are predicting healthy profits for the pineapple business. "Pineapple is definitely helping to keep Hawaii green," Dr. Hitch said, referring to the money the expanding sales pump into the state's economy.

Pineapple's gains have come in the face of stiff foreign competition in the free world market. The industry had a hard struggle in the past two decades. Only those companies which were adjusted to the new market forces have survived. They now number only three, out of ten companies which were growing pineapples in Hawaii in 1955. The trio of Castle and Cooke, Del Monte and Maui Land and Pineapple is enjoying what Dr. Hitch described as "very good years."

Judging by current conditions the outlook for the three packers is for "more good years ahead," he said.

Castle and Cooke, who Dole brand accounts for more than 40 per cent. of the world canned pineapple market, said profits from its line of processed pineapple are running only slightly behind 1975's excellent results and should be one of the largest contributors to 1976 total corporate earnings.

Mr. Leonard Marks, Castle and Cooke's executive vice-president and chief financial officer, said: Market conditions continue firm. Despite price increases for canned pineapple, the prices of other canned fruits have increased faster in recent years. The result is that canned pineapple is a relatively better bargain than it was several years ago."

Canned pineapple ranks third in U.S. per capita consumption, behind canned peaches and canned apples, including applesauce. Per capita consumption has ranged in the past 25 years between 2.7 and 3.3 lbs.

Mr Marks sees a particularly big potential for higher sales of fresh pineapple. The company was already experiencing sharply increasing sales volume.

Castle and Cooke was shipping fresh pineapple from the Philippines to Japan and recently started shipments from Honduras to Europe. But the U.S. remained by far the dominant potential market.

"Per capita consumption of fresh pineapple last year was a massive 1.1 lbs. We intend to increase that volume substantially. It would appear most unlikely we could ever get the consumption of fresh pineapple to equal the rate for bananas. But if we could just match the rate of 4.4 lbs for fresh peaches, which are a seasonal fruit, the volume would run almost 1.5m. tons a year. That exceeds our entire pineapple production for both fresh and canned product in Hawaii to-day."

World production of canned pineapple fell 6.4 per cent. to an estimated 774,000 tons in 1975, the Food and Agriculture Organisation of the United Nations reported recently.

The reduction of pineapple acreage by two of the State's biggest competitors, Taiwan and Malaysia, which probably will not grow pineapple in the volume they once did, has helped the Hawaiian industry recover.

Taiwan, the largest exporter to the U.S., packed nearly 5m. cases in 1969. But production fell steadily to 1.7m. cases in 1975. A slight decline was forecast for last year.

"The reason for Taiwan's declining production is that its amazing industrialisation programme has taken up more and more land and former pineapple workers are earning more money at factory jobs," Dr. Hitch said.

### Labour

Somewhat the same thing has taken place in Malaysia, which has been the second largest exporter to the U.S.

Hawaii, however, also has a labour shortage problem. The industry is finding it difficult to recruit field labour and is unable to develop a substitute for hand labour.

Also cutting into foreign production has been the escalation in the cost of materials, especially fertilisers. The net effect has been a substantial reduction in returns, making it more difficult for foreign producers to compete with efficient Hawaiian operations.

Another benefit to Hawaii's pineapple industry in the past two years has been the drought and unfavourable weather which shrunk U.S. mainland fruit crops and increased the demand for pineapple.

Fruit growers had a bumper crop in 1975, but a cannery strike in California in July reduced the amount packed.

## Drought cut EEC vegetable output

LUXEMBOURG, Feb. 9.

BECAUSE OF last summers' drought, vegetable production in the nine countries of the European Community was the lowest last year for a decade reports AP Dow Jones.

Preliminary figures put the crop at 1.3m. tons, compared with a five-year average of 3.1m. Green peas, chicory, beans, tomatoes and carrots showed the biggest declines.

Fruit production was up to average however. Except for apples and cherries, the figures were higher than for 1975. Peaches, apricots and plums were especially scarce that year.

It was estimated that wine production would reach last season's 146m. hectolitres, 2 per cent. below the five-year average. In France the production was greater than last year.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Little changed on the London Metal Exchange after prices had lowered from early hedge selling. Pre-market forward metal retreated from ? to £860, but after the selling had been taken up the market began to lift. Trading quiet, however, and London tended to supported by Comex where prices were steady. The closing price on the Kerb was £869.5. Turnover 14,175 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 851.5-2 | —5.5 | 858.5-9 | +.75 |
| 3 months | 861.5-2 | —4 | 868.5-9 | — |
| Settlem't | 852 | —5.5 | — | — |
| Cathodes | | | | |
| Cash | 823-.5 | —3 | 828.9 | +.5 |
| 3 months | 852.5-3 | —4 | 858.9 | —.5 |
| Settlem't | 823.5 | —3 | | |
| U.S. Smt. | — | | 65.6 | |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £832, 31.5, 32, mid-February £855, three months £864, 63, 62, 61.5, 62. Cathodes: Cash £823, three months £852.5 53. Kerb: Three months £863, 63.5, 64, 65, 66, 66.5. Afternoon: Wirebars, three months £868, 69, 68, 68.5, 69, 68, 69, 69.5. Cathodes: Three months £858.5. Kerb: Three months £869, 8.5, 8, 7.5, 8.5, 9.5, 9. Cathodes: Three months £855.

TIN—Barley changed on balance, but there was a setback in the morning when nervous bull liquidation took the forward price down from £6,000 to £5,950. After the fall fresh buying came back into the market and the price continued to advance in the afternoon on covering against U.S. and European physical business. The close on the Kerb was £6,070. Turnover 1,290 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 5885-90 | —75 | 5950-60 | +10 |
| 3 months | 6000-5 | —75 | 6055-60 | —1 |
| S'ment | 5890 | —75 | — | — |
| Standard | | | | |
| Cash | 5885 90 | —75 | 5950 60 | +10 |
| 3 months | 6000 5 | —75 | 6055-60 | —1 |
| S'ment | 5890 | —75 | — | — |
| Straits E. | $1,531 | +4 | — | — |
| New York | — | | — | — |

I.G. Index 01-351 3466

May coffee 3046-3055



COFFEE

RUBBER

SILVER

COCOA

SUGAR

JUTE

SOYABEAN MEAL

WOOL FUTURES

GRAINS

MEAT/VEGETABLES

## COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 248 tonnes, bringing the total for the week so far to 688 tonnes. Scattered operations in Middle Eastern quality attracted most of the attention, reports F. W. Tatersall. Nearby delivery terms were required for North and South American growths.

*

GRIMSBY FISH—Supply good and demand fair. Prices a stone at ship's side (unprocessed): Shelf cod £3.00-£3.50, codlings £2.30-£3.20; large haddock £3.40, medium haddock £2.80-£3.40, small haddock £1.90-£2.30; medium plaice £2.40-£3.10; best small plaice £2.20-£2.60, skinned dogfish (medium) £6.00, (large) £7.00; rockfish £2.00-£2.70; reds £1.30-£1.70; saithe £1.70-£2.20.

*

COPRA, Philippines—March-April $387.50 a tonne resellers cif North European ports.

## Philippine coconut exports fall

MANILA, Feb. 9.

PHILIPPINE COCONUT exports fell in January to 97.037 tonnes in copra terms, worth $U.S.35.54m. from 169,232 tonnes ($37.37m.) in January 1976, the United Coconut Association of the Philippines said.

Coconut oil exports fell to 55,195 tonnes worth $16.38m. Copra exports fell to 36,250 tonnes worth $10.94m.

PRICE CHANGES

*Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S cents a pound. d Bangladesh white "C." h Jan.-Feb. i Jan.-March. j April-June. k March-April. q April-May. r Feb.-March. u Metric tons. w March.

FINANCIAL TIMES

| Feb. 8 | Feb. 7 | Month ago | Year ago |
|---|---|---|---|
| 268.71 | 269.71 | 251.07 | 180.84 |

(Base: July 1, 1952=100)

REUTER'S

| Feb. 9 | Feb 8 | Month ago | Year ago |
|---|---|---|---|
| 1619.1 | 1622.3 | 1586.7 | 1217.8 |

(Base: September 18, 1931=100)

DOW JONES

| Dow Jones | Feb. 8 | Feb. 7 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 397.69 | 398.65 | 379.33 | 305.78 |
| Futures | 391.46 | 392.82 | 369.54 | 298.73 |

(Average 1924-25-26=100)

MOODY'S

| Moody's | Feb. 8 | Feb. 7 | Month ago | Year ago |
|---|---|---|---|---|
| Spie Commty | 902.8 | 902.4 | 875.1 | 768.9 |

(December 31, 1931=100)

*

HIDES—London. Steady to firm. Ox 31-35½ kilos 60.8p per kilo, 26-30½ kilos 58.4p, 22-26½ kilos 68.5p. Light cows 65.6p. No calf offered.

## U.S. Markets

### Copper and cocoa slip; coffee rises

NEW YORK, Feb. 8.

COPPER closed slightly lower after dull and featureless session. Silver closed higher with locals the main buyers. Grains closed a little better with locals on both sides. After trading from limit up to limit down, Coffee closed higher on mixed trading. Cocoa closed limit down on profit-taking and Commission House selling, Bache reports.

Cocoa—Ghana spot 198 (201). Bahia spot 198 (201). March 181.49 (184.50), May 177.06 (180.55), July 171.10, Sept. 165.30, Dec. 151.50, March 145.70, May 141.40. Sales: 1,632.

Coffee—"C" Contract: March 239.00-229.30 (235.90), May 231.00 (230.82), July 231.00, Sept. 230.50-230.00, Dec. 228.50, March 227.00. Sales: 2,724.

ⓖGold—Feb. 135.10 (135.90), March 135.30 (136.10), April 135.60, June 136.70, Aug. 138.00, Oct. 139.30, Dec. 140.60, Feb. 141.90, April 143.20, June 144.50. Sales: 1,530.

Cotton—No. 2: March 75.25-75.40 (74.95), May 75.10-75.20 (74.79), July 75.15-75.25, Oct. 70.50-70.70, Dec. 67.05, March 68.00, May 65.35-68.50, July 68.50-69.00. Sales: 4,250.

Copper—Feb. 66.10 (66.30), March 66.20 (65.50), April 66.70, May 67.20, July 68.20, Sept. 69.10, Dec. 70.20, Jan. 70.60, March 71.40. Sales: 3,846.

†Lard—Chicago loose n.a. New York prime steam 24.00 nom.

††Maize—March 255½-256 (256½), May 261½-261¾ (262), July 266½-267, Sept. 269½, Dec. 271¾-272, March 277½-277¾.

‡Platinum—April 164.50 (163.50), July 167.30 (166.20), Oct. 170.00, Jan. 173.30, April 175.90, July 178.00-179.00. Sales: 397.

LEGAL NOTICES

COMPANY NOTICES

PUBLIC NOTICE

ART GALLERIES

PERSONAL

# STOCK EXCHANGE REPORT

# Short Gilts active and higher but close below best

## Equities move irregularly with index 4.3 lower at 387.9

**Account Dealing Dates**

**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Jan. 31 | Feb. 10 | Feb. 11 | Feb. 22 |
| Feb. 14 | Feb. 24 | Feb. 25 | Mar. 8 |
| Feb. 28 | Mar. 10 | Mar. 11 | Mar. 22 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The recent phase of consolidation was continued in equity share markets yesterday in rather *thin* trading conditions. The leaders moved irregularly, opening harder in line with Gilt-edged but relapsing in the absence of sufficient demand. Up 3.8 at 10 a.m., the FT 30-share index had lost the rise by noon and closed at the day's lowest of 387.9 for a net loss of 4.3 *to extend its fall* to 18.2 over the last five business days. There was a late tendency to pick up towards the official close, but news of the failure of the TUC Economic Committee to meet agreement on future pay policy led to a slight weakening in late trading.

Signs of nervousness about growing support for the end of wage restraint was also apparent in British Funds, but this was balanced to an extent by January's further fall in the *money supply* and yesterday's announcement of the cut-back in the Government's borrowing requirement. Activity centred chiefly on short-dated securities which, although closing below the best, ended with rises generally ranging [illegible]

[illegible] with the All-share index easing 0.9 per cent. more to 165.81.

### Contrasting Gilts

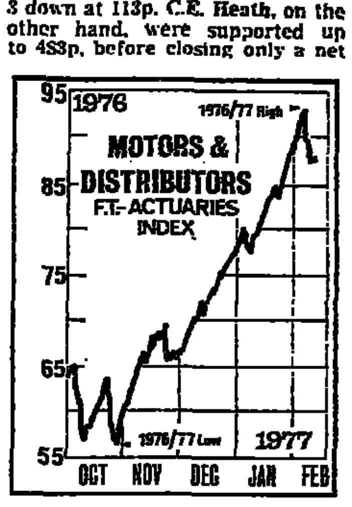
The lure of prospective lower *interest rates was sufficient to* maintain the upward momentum of short-dated British Funds, but the longer maturities gave another example of their current volatility by relinquishing virtually all of initial gains which had extended to ¼. Domestic and foreign investment funds were concentrated at the shorter end of the market and, although closing quotations were ¼ below the best, rises still ranged to ⅜ generally, with Treasury 8½ per cent., 1980-82, registering an unusual *improvement of a full* point to 93⅛. The ex-tap Treasury 12¾ per cent., 1993, illustrated the vulnerability of longer-dated issues by reacting from 99¾ to end just ¼ higher at 99, and continuing the lower trend in the very late business. Reports that yesterday's meeting of the TUC economic committee had broken up in confusion aggravated the unease being felt about the future of the social contract.

The day in the investment currency market was uneventful, *with the premium moving narrowly* in response to a modest two-way trade and closing just ¼ easier on balance at 98¼ per cent. Yesterday's SE conversion factor was 0.7635 (0.7625).

### Cattles Holdings up

[illegible]

The volume of business contracted in Insurances and prices wilted on small sales. Royals ended 8 easier at 290p and Guardian Royal Exchange shed 5 to 190p, while Eagle Star were 3 down at 113p. C.E. Heath, on the other hand, were supported up to 483p, before closing only a net penny harder on balance at 476p in Brokers. Minet Holdings added 5 at 135p.




Breweries gave up early gains and closed at, or near to, overnight levels. Allied ended unaltered at 65p, but Greene King were 2 easier at 160p and Vaux 4 cheaper at 273p. Ellis and Co. (Richmond), 12p, and City of London [illegible]

[illegible] then ran back to close 3 down on the day at 342p; the annual figures are due February 24. Albright and Wilson lost 4 to 89p ahead of next Wednesday's preliminary results, while further consideration of the first-half figures left Stewart Plastics a similar amount down at 85p. Lankro were also 4 lower at 100p and Scottish Agricultural cheapened 3 to 160p; the latter's results are due to-day.

With the exception of Cope *Sportswear, which were marked* up 7 to a 1976-77 peak of 60p, Stores gave ground in quiet trading. British Home shed 7 to 149p and Gussies "A" declined 4 to 192p. Burton "A" eased 1 to 59p having been a firm market of late on asset-value considerations and *Press suggestions of a possible* enfranchisement of the shares.

### Decca down again

The Electrical leaders declined afresh on small selling. EMI cheapened 2 to 217p as did GEC to 187p, while *Plessey* receded a penny to 67p. Adverse Press comment on the interim profits statement and warning of lower full year profits depressed Decca, the Ordinary and A both closing 9 lower at 253p and 243p respectively. Awaiting a reply to their latest increased offer for Milgo Electronics, Racal Electronics gave up 5 more to 266½p.

Tube Investments alone of the Engineering leaders retained a firm early trend and, although off [illegible]

[illegible] 45p; the price published in yesterday's issue was incorrect.

Associated Dairies continued a dull market, losing 6 to 274p for a two-day fall of 16. British Sugar were lowered 10 to 355p. United Biscuit, 139p, and Associated Biscuit, 68p, gave up 2 and 4 respectively following a Press report on the industry. Meat Trade Suppliers remained on offer, falling 3 to 77p for a two-day loss of 9 on further consideration of the *interim statement. Of the few* firm spots, Carr's Milling and Robertson Foods both closed 3 better at 47p and 86p respectively.

Trust Houses Forte provided the focal point in Hotels and Caterers, standing at the overnight level of 139p in front of the late afternoon preliminary statement; the shares subsequently reacted in active trading to close 3 easier on the day at 126p on some disappointment with the profits performance. Grand Metropolitan shed 2 to 69p, but gains of 2 were seen in Myddleton, 85p, and Rowton, 86p.

### Glaxo dull

An attempted rally by the miscellaneous Industrial leaders in the afternoon was aborted by news of the TUC's stormy meeting on the pay policy. Prices closed at, or near to, the day's lowest. Glaxo ended 10 down at 433p, after 445p, and Unilever were 6 cheaper at 420p. Reed International receded 5 to 213p, but [illegible]

[illegible] production difficulties at the company's Castle Bromwich plant. General Motors Units were lowered 10 to 275p despite the company's announcement of all-time record sales and net earnings for 1976. Lex Service responded to Press comment with a rise of penny to 49p.

Associated led the modest retreat in Newspapers, falling 4 to 143p, after 142p, while Thomson [illegible] shed 3 to 394p, after 390p, as did Daily Mail "A" to 245p. Elsewhere, Chapman (Balham), 65p, and J. Waddington, 140p, both receded 3 and Associated Paper shaded 1½ to 30p.

### BP regain early loss

A further reduced business in leading Oils was still enough to put British Petroleum and Shell at the head of the day's active stock list. The former eased back to 896p on profit-taking before replying to renewed American demand which restored the price to 914p for a net gain of 4, while Shell fluctuated between 516p and 506p before closing 4 down on the day at 508p. Burmah maintained a fair level of interest and traded from 76p down to 73p prior to ending a net penny cheaper at 74p, while continued speculation about bid possibilities lifted Tricentrol 4 to 138p. Ultramar, on the other hand, shed that much to 150p, but LASMO reached a fresh peak of 312p before settling 2 up on balance at 310p. News of the proposed rights issue lowered Endeavour 1½ to 9½p in Australian issues.

Properties were content to follow the general market pattern, hence small early gains were finally replaced by falls often larger in amount, but rarely in excess of 4. Land Securities surrendered a rise of 2 to close a net 3 down at 158p and MEPC were similarly cheaper at 68p, after 73p. Stock Conversion were [illegible]

[illegible] changed.

Shippings remained on a downward tack, closing with modest *falls* following a quiet trade. P. & O. Deferred finished 3 easier at 128p, but Furness Withy contrasted with an improvement of 2 to 232p on Press suggestions that a takeover bid may be on the way following the Euro-Canadian stake changing hands.

David Dixon continued firmly in otherwise easier Textiles, rising 4 to 38p for a two-day gain of 6 on further consideration of the news that Mr. Malcolm Horsman has acquired a substantial shareholding. Courtaulds finished 3 cheaper at 101p. Stroud Riley were unchanged at 14p: the price in yesterday's issue was incorrect.

Tobaccos held up fairly well, closing little changed on the overnight levels following a reasonable business. Imps, at 74p, gave up a penny of the previous day's *rise of 1½, following* Press comment on the results, while BAT Industries Deferred eased 2 to 211p.

South African Industrials had contrasting movements in Hulett's, 5 up at 92p, and Abercom Investments, 6 cheaper at 120p.

Rubbers made a better showing than of late. Guthrie closed 4 higher at 170p, after 174p, while revived interest lifted Consolidated Plantations 4½ to 80p. Harrisons and Crosfield's three sister plantation companies continued to attract interest, mainly on consideration of the foreshadowed special dividends; Pataling rose 4 to 71p and London Asiatic 3 to 71p, but Golden Hope closed without alteration at 81p. Dealings in the new Harrisons Malaysian Estates shares are expected to start to-day. Teas, a neglected market recently, staged a revival. Gains of 5 were seen in Longbourne, 103p, and McLeod Russel, 158p, while Ruo Estates were raised 3 to 57p.

### Golds lower on day

After an initial mark-down on reports of further outbreaks of civil unrest in Soweto, South African Golds staged a modest rally owing to the firmness of the bullion price which was finally $2.25 up at [illegible]

Aiding the [illegible] of shares in [illegible] small U.S. [illegible] was insufficient [illegible] Gold Mines [illegible] to 88.4.

Among the [illegible] Randfontein [illegible] in early trading [illegible] point higher [illegible] while West [illegible] from £13[illegible] of ¼.

Of the lower [illegible] of 5 were [illegible] 520p, Doornfontein [illegible] Southvaal, [illegible] Welkom both [illegible] 255p and 12[illegible]

Winkelhaak [illegible] 5p; the accident [illegible] during routine [illegible] on February [illegible] duction to [illegible] 25 per cent. [illegible] operations [illegible] before the week-end.

The reports [illegible] affected [illegible] African Financial [illegible] issues. Anglo [illegible] 3 to 195p and [illegible] more to a 1976-77 low [illegible]

In a lower [illegible] Rustenburg [illegible] low of 7[illegible] marked up [illegible] *following* [illegible] and profits.

Australians [illegible] tinued to [illegible] the further [illegible] markets. Wallsend [illegible] and 355p [illegible] Bougainville [illegible] 1976-77 low [illegible]

Elsewhere [illegible] came back [illegible] Anglo United [illegible] Minerals were [illegible] and 92p respectively.

## FINANCIAL TIMES STOCK INDICES

| | Feb. 9 | Feb. 8 | Feb. 7 | Feb. 4 | Feb. 3 | Feb. 2 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | [illegible] | | | | | | |
| Fixed Interest | [illegible] | | | | | | |
| Industrial Ordinary | 387.9 | [illegible] | | | | | |
| Gold Mines | [illegible] | | | | | | |
| Ord. Div. Yield | [illegible] | | | | | | |
| Earnings Y'ld % (full) | [illegible] | | | | | | |
| P/E Ratio (net) (*) | [illegible] | | | | | | |
| Dealings marked | [illegible] | | | | | | |
| Equity turnover £m. | [illegible] | | | | | | |
| Equity bargains total | [illegible] | | | | | | |

[illegible]

### HIGHS AND LOWS

| | 1976/77 High | 1976/77 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 66.04 (9/2/77) | 55.88 (27/10) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 65.9[illegible] | 55.37 (28/10) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 420.8 | 265.3 (27/10) | 549.2 | 49.4 (26/6/40) |
| Gold Mines | 246.9 | 78.8 | 442.3 | 43.5 (26/10/71) |

### S.E. ACTIVITY

[illegible]

## F.T.—ACTUARIES SHARE INDICES

**These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries**

| EQUITY GROUPS ‡ GROUPS & SUB-SECTIONS | Wednesday, February 9, 1977: Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (net) | Est. P/E Ratio (nil) | Tuesday Feb. 8 | Monday Feb. 7 | Friday Feb. 4 | Thurs. Feb. 3 | Year ago (approx.) | 1976/77 High | 1976/77 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 (1) CAPITAL GOODS (178) | [illegible] | | | | | | | | | | | | | | |
| 2 (2) Building Materials (31) | [illegible] | | | | | | | | | | | | | | |
| 3 (3) Contracting, Construction (22) | [illegible] | | | | | | | | | | | | | | |
| 4 (4) Electricals (16) | [illegible] | | | | | | | | | | | | | | |
| 5 (5) Engineering (Heavy) (12) | [illegible] | | | | | | | | | | | | | | |
| 6 (6) Engineering (General) (66) | [illegible] | | | | | | | | | | | | | | |
| 7 (7) Machine and Other Tools (9) | [illegible] | | | | | | | | | | | | | | |
| 8 (8) Miscellaneous (22) | [illegible] | | | | | | | | | | | | | | |
| 11 (9) CONSUMER GOODS (DURABLE) (53) | [illegible] | | | | | | | | | | | | | | |
| 12 (10) Lt. Electronics, Radio TV (15) | [illegible] | | | | | | | | | | | | | | |
| 13 (11) Household Goods (13) | [illegible] | | | | | | | | | | | | | | |
| 14 (12) Motors and Distributors (25) | [illegible] | | | | | | | | | | | | | | |
| 21 (13) CONSUMER GOODS (NON-DURABLE) (170) | [illegible] | | | | | | | | | | | | | | |
| 22 (14) Breweries (15) | [illegible] | | | | | | | | | | | | | | |
| 23 (15) Wines and Spirits (6) | [illegible] | | | | | | | | | | | | | | |
| 24 (16) Entertainment, Catering (15) | [illegible] | | | | | | | | | | | | | | |
| 25 (17) Food Manufacturing (21) | [illegible] | | | | | | | | | | | | | | |
| 26 (18) Food Retailing (17) | [illegible] | | | | | | | | | | | | | | |
| 32 (19) Newspapers, Publishing (16) | [illegible] | | | | | | | | | | | | | | |
| 33 (20) Packaging and Paper (12) | [illegible] | | | | | | | | | | | | | | |
| 34 (21) Stores (35) | [illegible] | | | | | | | | | | | | | | |
| 35 (22) Textiles (24) | [illegible] | | | | | | | | | | | | | | |
| 36 (23) Tobaccos (3) | [illegible] | | | | | | | | | | | | | | |
| 37 (24) Toys and Games (6) | [illegible] | | | | | | | | | | | | | | |
| 41 (25) OTHER GROUPS (95) | [illegible] | | | | | | | | | | | | | | |
| 42 (26) Chemicals (26) | [illegible] | | | | | | | | | | | | | | |
| 44 (27) Office Equipment (6) | [illegible] | | | | | | | | | | | | | | |
| 45 (28) Shipping (11) | [illegible] | | | | | | | | | | | | | | |
| 46 (29) Miscellaneous (50) | [illegible] | | | | | | | | | | | | | | |
| 49 (30) INDUSTRIAL GROUP (496) | [illegible] | | | | | | | | | | | | | | |
| 51 (31) Oils (4) | [illegible] | | | | | | | | | | | | | | |
| 59 (32) 500 SHARE INDEX | [illegible] | | | | | | | | | | | | | | |
| 61 (33) FINANCIAL GROUP (100) | [illegible] | | | | | | | | | | | | | | |
| 62 (34) Banks (6) | [illegible] | | | | | | | | | | | | | | |
| 63 (35) Discount Houses (10) | [illegible] | | | | | | | | | | | | | | |
| 64 (36) Hire Purchase (5) | [illegible] | | | | | | | | | | | | | | |
| 65 (37) Insurance (Life) (10) | [illegible] | | | | | | | | | | | | | | |
| 66 (38) Insurance (Composite) (7) | [illegible] | | | | | | | | | | | | | | |
| 67 (39) Insurance Brokers (10) | [illegible] | | | | | | | | | | | | | | |
| 68 (40) Merchant Banks (15) | [illegible] | | | | | | | | | | | | | | |
| 69 (41) Property (31) | [illegible] | | | | | | | | | | | | | | |
| 70 (42) Miscellaneous (6) | [illegible] | | | | | | | | | | | | | | |
| 71 (43) Investment Trusts (50) | [illegible] | | | | | | | | | | | | | | |
| 81 (44) Mining Finance (4) | [illegible] | | | | | | | | | | | | | | |
| 91 (45) Overseas Traders (17) | [illegible] | | | | | | | | | | | | | | |
| 99 (46) ALL-SHARE INDEX (671) | 165.81 | -0.9 | [illegible] | | | | | | | | | | | | |

| FIXED INTEREST | Wed., Feb. 9 Index No. | Yield % | Tuesday Feb. 8 | Monday Feb. 7 | Friday Feb. 4 | Thurs. Feb. 3 | Wed. Feb. 2 | Tuesday Feb. 1 | Monday Jan. 31 | Year ago (approx.) | 1976/77 High | 1976/77 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Consols 2½% yield | [illegible] | | | | | | | | | | | | | |
| 2 20-yr. Govt. Stocks (6) | [illegible] | | | | | | | | | | | | | |
| 3 20-yr. Red. Deb. & Loans (15) | [illegible] | | | | | | | | | | | | | |
| 4 Investment Trust Prefs. (15) | [illegible] | | | | | | | | | | | | | |
| 5 Coml. and Indl. Prefs. (20) | [illegible] | | | | | | | | | | | | | |

[illegible]

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1976-77 high | 1976-77 low |
|---|---|---|---|---|---|---|
| BP | £1 | 15 | 914 | + 4 | 950 | 557 |
| ICI | £1 | 13 | 342 | − 3 | 402 | 256 |
| Shell Transport | 25p | 13 | 508 | − 4 | 524 | 352 |
| Beecham | 25p | 12 | 406 | — | 422 | 269 |
| P & O Defd. | £1 | 12 | 128 | − 3 | 138 | 87 |
| Burmah Oil | £1 | 10 | 74 | − 1 | 80 | 25 |
| Royal Insurance | 25p | 10 | 290 | − 8 | 352 | 208 |
| BATs Defd. | 25p | 9 | 211 | − 2 | 243 | 183 |
| GEC | 25p | 9 | 187 | − 2 | 197 | 112 |
| GUS A | 25p | 9 | 182 | − 4 | 224 | 123 |
| Imperial Group | 25p | 9 | 74 | − 1 | 88 | 50½ |
| Ocean Transport | 25p | 9 | 149 | − 2 | 159 | 101 |
| Reed Intl. | £1 | 9 | 213 | − 5 | 274 | 156 |
| Trafalgar House | 20p | 9 | 106 | − 3 | 115 | 65 |
| Barclays Bank | £1 | 8 | 248 | − 4 | 350 | 190 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).*

## NEW HIGHS AND LOWS FOR 1976/77

The following securities quoted in the Share Information Services yesterday attained new Highs and Lows for 1976-77.

### NEW HIGHS (55)

*BRITISH FUNDS (14)*
Elect. 3pc '74-77; Funding 5½pc '78-80; Treas. 3pc 1977; Exchqr. 13pc '80; Exchqr. 5pc '76-78; Exchqr. 12¼pc '81; Treas. 3pc 1979; Treas. 3pc 1982; Elect. 4½pc '74-79; Funding 5½pc '82-84; Elect. 3½pc '76-79; Transport 3pc '78-88; Treas. 3½pc '77-80; Gas 3pc 1990-95

INTERNATIONAL BANK (1)
5pc Stock 1977-82

CORPORATION LOANS (6)
Essex 5½pc '75-77; Liv'pool 7pc '76-77; Herts. 5½pc 1978-80; L.C.C. 6pc 1975-78; London Corp. 6½pc 1975-78; Mddx. 6¼pc '75-77

COM'WEALTH & AFRICAN LOANS (2)
Aust. 5½pc '75-78; Aust. 5½pc '81-82

BANKS (1)
Sterling Credit

BUILDINGS (2)
Cakebread Robey A; Mowlem (J.)

CHEMICALS (2)
Plysu; Willows Francis

*CINEMAS (1)*
H.T.V.

DRAPERY & STORES (1)
Cope Sportswear

ENGINEERING (4)
Braithwaite; Tecalemit; Porter Chadburn; Wolf Elect. Tools

FOODS (1)
Carr's Milling

HOTELS (1)
Rowton Hotels

INDUSTRIALS (5)
Barget (J.); Elswick Hopper; Crest Nicholson; Esperanza; Eastern Produce

INSURANCE (1)
Minet

MOTORS (1)
Lex Service

NEWSPAPERS (1)
Websters Pubs.

TRUSTS (2)
Claverhouse; Throgmorton Growth

OILS (1)
LASMO 'Ops'

RUBBERS (2)
Chersonese; Pataling

TEAS (6)
Assam Invs.; Singlo; Jokai; Williamson; Longbourne; Ruo Estates

### NEW LOWS (11)

AMERICANS (2)
Burroughs Cpn.; Xerox Cpn.

CHEMICALS (1)
Scottish Agric.

INDUSTRIALS (2)
*Gripperrods*; Rennies Cons.

MOTORS (1)
Volvo

SOUTH AFRICANS (1)
Abercom

TEXTILES (1)
Worth (Bond)

TRUSTS (1)
Suez Finance

MINES (2)
Rustenburg Plat.; *Bougainville*

## OPTIONS TRADED

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Feb. 8 | Feb. 21 | May 5 | May 17 |
| Feb. 22 | Mar. 7 | May 19 | May 31 |
| Mar. 8 | Mar. 21 | Jun. 9 | Jun. 21 |

Calls were dealt in Cons. Gold *Fields, Cavenham Warrants, St.* Piran, Burmah Oil, J. Lyons, Berry Wiggins, British Industrial, Allied Polymer, Trust Houses Forte, Grand Metropolitan, Capper-Neill, ICI, Lonrho, British Rollmakers, J. Brown, De *La Rue, Plessey, A. Gibb*, Spillers, Rolls-Royce, Premier Consolidated Oil, Kwik Save, P. and O Deferred, Ultramar, Venterspost, Charterhall Finance and Crescent Industries Warrants. A put was done in Brooke *Bond, while doubles were* arranged in St. Piran, Burmah Oil, LRC International, Cavenham Warrants, Grand Metropolitan, Guardian Royal, Tricentrol, Premier Consolidated Oil, Cons. Gold Fields, Turner and Newall, Smith Bros., Burmah Oil, Lloyds Bank, Trust Houses Forte and Thorn Electrical A. Short-dated calls were done in Cons. Gold Fields, Trust Houses Forte and ICI, while doubles were arranged in Burmah Oil, Lloyds Bank, Trust Houses Forte and Thorn Electrical A.

*For rate indications, see end of Share Information Service.*

## RISES AND FALLS

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 55 | — | 2 |
| Corpns. Dom. and Foreign Bonds | 22 | 3 | 35 |
| Industrials | 187 | 449 | 1,032 |
| Financial and Prop. | 63 | 191 | 295 |
| Oils | 5 | 14 | 13 |
| Plantation | 18 | 1 | 19 |
| Mines | 21 | 37 | 67 |
| Recent Issues | 2 | | 17 |
| Recent Issues | 2 | 1 | 17 |
| Totals | 373 | 697 | 1,486 |

## BASE LENDING RATES

A.B.N. Bank [illegible]; Allied Irish Banks Ltd. [illegible]; American Express Bank [illegible]; Anglo-Portuguese Bank [illegible]; Henry Ansbacher [illegible]; Banco de Bilbao [illegible]; Bank of Credit & Cmce. [illegible]; Bank of Cyprus [illegible]; Bank of N.S.W. [illegible]; Banque du Rhone S.A. [illegible]; Barclays Bank [illegible]; Barnett Christie Ltd. [illegible]; Bremar Holdings Ltd. [illegible]; Brit. Bank of Mid. East [illegible]; ■ Brown Shipley [illegible]; Canada Permanent AFI [illegible]; Capitol C & C Fin. Ltd. [illegible]; Cayzer, Bowater Co. Ltd. [illegible]; Cedar Holdings [illegible]; ■ Charterhouse Japhet [illegible]; C. E. Coates [illegible]; Consolidated Credits [illegible]; Co-operative Bank [illegible]; Corinthian Securities [illegible]; Credit Lyonnais [illegible]; G. R. Dawes [illegible]; Duncan Lawrie [illegible]; Eagil Trust [illegible]; English Transcont. [illegible]; First London Secs. [illegible]; First Nat. Fin. Corpn. [illegible]; First Nat. Secs. Ltd. [illegible]; Goode Durrant Trust [illegible]; ■ Antony Gibbs [illegible]; Greyhound Guaranty [illegible]; Grindlays Bank [illegible]; ■ Guinness Mahon [illegible]; ■ Hambros Bank [illegible]; ■ Hill Samuel [illegible]; C. Hoare & Co. [illegible]; Julian S. Hodge [illegible]; Hongkong & Shanghai [illegible]; Industrial Bank of Scot. [illegible]; Keyser Ullmann [illegible]; Knowsley & Co. Ltd. [illegible]; Lloyds Bank [illegible]; London & European [illegible]; London Mercantile [illegible]; Midland Bank [illegible]; ■ Samuel Montagu [illegible]; ■ Morgan Grenfell [illegible]; National Westminster [illegible]; Norwich General Trust [illegible]; P. S. Refson & Co. [illegible]; Rossminster Accept's [illegible]; Royal Bk. Canada Trust [illegible]; Schlesinger Limited [illegible]; E. S. Schwab [illegible]; Security Trust Co. Ltd. [illegible]; Shenley Trust [illegible]; Standard Chartered [illegible]; Trade Development Bk. [illegible]; Twentieth Century Bk. [illegible]; United Bank of Kuwait [illegible]; Whiteaway Laidlaw [illegible]; Williams & Glyn's [illegible]; Yorkshire Bank [illegible]

■ Members of the Accepting Houses Committee. [illegible]

CORAL INDEX: Close 385-390

## INSURANCE BASE RATES

† Property Growth [illegible]; Cannon Insurance [illegible]

† Address shown under Insurance and Property Bond table.

# MONEY MARKET

## Exceptional assistance

**Bank of England Minimum Lending Rate 12 per cent. (since February 3, 1977)**

Day-to-day credit remained in very short supply in the London money market yesterday and the authorities gave assistance by buying a very large amount of bills, made up of a large number of Treasury bills bought from the *discount houses and banks and a* small amount of eligible bank bills. They also lent an exceptionally large amount overnight, at Bank of England Minimum Lending Rate, to nine or ten houses, making a total assistance exceptionally large.

Banks carried forward run-down balances, there was a net market take-up of Treasury bills, and repayment was made of overnight and seven-day official advances. On the other hand Government *disbursements* exceeded revenue payments to the Exchequer, and the market was also helped by a slight fall in the note circulation.

Discount houses paid around 12 per cent. for secured call loans *in the early part, and closing* balances were taken at between 6 per cent. and 10 per cent.

Short-term fixed period interest rates were fairly steady, with discount houses buying rates for three-month Treasury bills finishing unchanged at 11⅝-11½ per cent.

Rates in the table below are nominal in some cases.

| Feb. 9 1977 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company deposits | Discount market deposit | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | [illegible] | | | | | | | | | |
| 2 days notice | [illegible] | | | | | | | | | |
| 7 days or 7 days notice | [illegible] | | | | | | | | | |
| One month | [illegible] | | | | | | | | | |
| Two months | [illegible] | | | | | | | | | |
| Three months | [illegible] | | | | | | | | | |
| Six months | [illegible] | | | | | | | | | |
| Nine months | [illegible] | | | | | | | | | |
| One year | [illegible] | | | | | | | | | |
| Two years | [illegible] | | | | | | | | | |

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible]

# AUTHORISED UNIT TRUSTS

### Crescent Unit Tst. Mgrs. Ltd. (a)(g)

4 Melville Cres., Edinburgh 3. 031-226 4931

| | | | | |
|---|---|---|---|---|
| Crescent Growth | 20.6 | 22.1 | ...... | 4.32 |
| Cres. Internat'l. | 44.6 | 47.8 | -0.1 | 3.24 |
| Cres. High. Dist. | 34.3 | 36.8 | -0.1 | 8.72 |
| Cres. Reserves | 31.8 | 34.3 | +0.1 | 4.09 |

# INSURANCE, PROPERTY, BONDS

# OFFSHORE AND OVERSEAS FUNDS

### Warburg Invest. Mngt. Jrsy. Ltd.

1 Charing Cross, St. Helier, Jsy. CI. 0534 20041

| | | | | |
|---|---|---|---|---|
| CMF Ltd. Jan. 27 | $US9.68 | 9.85 | ...... | — |
| CMT Ltd. Jan. 27 | £9.15 | 9.39 | ...... | — |
| Metals Tst. Jan. 20 | £12.93 | 13.25 | ...... | — |
| TMT Jan. 13 | $US10.25 | 10.52 | ...... | — |
| TMT Ltd. Jan. 13 | £10.23 | 10.50 | ...... | — |

### World Wide Growth Management

10a, Boulevard Royal, Luxembourg.

| | | | |
|---|---|---|---|
| WorldWideGth.Fd. | $US12.33 | -0.0 | — |

## NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥Net of tax on realised capital gains unless indicated by ♦. ¶Guernsey yield. ●Suspended. ‡Single premium insurance bonds. ♦Yield before Jersey tax.

# EADERS AND LAGGARDS

_following table shows the percentage changes† which have taken place December 31, 1975, in the principal equity sections of the F.T. Actuaries Indices. It also contains the Gold Mines Index.

| | | | |
|---|---|---|---|
| | + 46.38 | Entertainment and Catering | — 1.16 |
| Tools | + 41.94 | Breweries | — 1.25 |
| pers and Publishing | + 35.19 | Food Manufacturing | — 1.53 |
| d Games | + 34.07 | Cons. Goods (Non-Dur.) Group | — 2.27 |
| and Distributors | + 25.22 | Stores | — 3.85 |
| als | + 22.48 | Property | — 4.42 |
| | + 20.20 | Insurance (Composite) | — 5.39 |
| ring (Heavy) | + 15.67 | Wines and Spirits | — 6.09 |
| e Brokers | + 15.14 | Tobaccos | — 6.38 |
| er Goods (Durable) Group | + 11.11 | Financial Group | — 6.87 |
| ing (General) | + 10.37 | Insurance (Life) | — 7.15 |
| re Index | + 9.09 | Building Materials | — 7.98 |
| nics, Radio and TV | + 8.99 | Discount Houses | — 10.33 |
| ls | + 8.70 | Banks | — 11.34 |
| urchase | + 8.53 | Household Goods | — 13.39 |
| Equipment | + 6.91 | Textiles | — 15.04 |
| Goods Group | + 6.68 | Contracting and Construction | — 17.10 |
| Index | + 5.84 | Merchant Banks | — 22.83 |
| etailing | + 4.47 | Mining Finance | — 23.77 |
| Traders | + 4.31 | Gold Mines F.T. | — 58.61 |
| al Group | + 3.81 | | |
| ent Trusts | + 1.06 | | |
| ing and Paper | — 0.94 | | |

† Percentage changes based on Tuesday, February 8, 1977 indices.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

| 1976/7 High | Low | Stock | £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | |
| 99½ | 94½ | Electric 3pc '74-77 | 99⅞xd | −⅛ | 3.02 | 11.16 |
| 103⅞ | 97⅛ | Treasury 11½pc '77 | 100⅛ | −⅛ | 11.49 | 11.19 |
| 95¼ | 91⅞ | Treasury 3pc '77 | 95¼ | −⅛ | 3.15 | 9.57 |
| 96 | 92¼ | Transport 4pc '72-77 | 96 | ...... | 4.16 | 8.91 |
| 99⅞ | 90½ | Treasury 9pc 1978 | 97⅞xd | −¼ | 9.19 | 11.12 |
| 101½ | 93¾ | Treasury 10½pc '78 | 99⅛ | −⅛ | 10.56 | 10.94 |
| 95¼ | 89½ | Exch 5pc '76-78 | 95¼ | −⅛ | 5.25 | 8.16 |
| 103⅞ | 92⅞ | Treasury 11½pc '79 | 99¾xd | −⅛ | 11.53 | 11.67 |
| 91¼ | 82¼ | Treasury 3pc '79 | 91¼xd | +⅛ | 3.29 | 6.70 |
| 90⅞ | 82¼ | Electric 4½pc '74-79 | 90⅞ | +⅛ | 4.58 | 8.18 |
| 100⅞ | 88⅞ | Treasury 10½pc '79 | 97⅞ | +⅛ | 10.76 | 11.51 |
| 89⅞ | 82¼ | Electric 3½pc '76-79 | 89⅞ | −⅛ | 3.89 | 7.62 |
| 96⅞ | 84½ | Treasury 9pc 1980 | 96⅞xd | +⅛ | 9.34 | 10.43 |
| 96½ | 84⅞ | Treasury 9½pc '80 | 95½ | +⅛ | 9.99 | 11.32 |
| 88⅞ | 78¼ | Treasury 3½pc '77-80 | 88⅞ | +¼ | 3.94 | 7.32 |
| 89⅞ | 80 | Funding 5½pc '78-80 | 89⅞ | +¼ | 5.84 | 8.80 |
| 103⅞ | 96 | Exchequer 13pc 1980 | 103⅛ | +⅛ | 12.60 | 11.90 |
| 103⅞ | 88½ | Treasury 11½pc 1981 | 100⅛ | +½ | 11.49 | 11.45 |
| 86 | 76¼ | Treasury 3½pc 1979-81 | 84⅞xd | +⅛ | 4.12 | 7.98 |
| 95⅞ | 82⅞ | Treasury 9¾pc 1981 | 94½ | +⅛ | 10.33 | 11.48 |
| 103⅛ | 96¼ | Exch 12¾pc 1981 | 103⅛ | +½ | 12.36 | 11.85 |
| 94½ | 79⅞ | Treasury 8¼pc '80-82 | 93¼ | +1 | 9.12 | 10.25 |
| Five to Fifteen Years | | | | | | |
| 79¼ | 69¾ | Treasury 3pc '82 | 79¼xd | −⅛ | 3.78 | 8.11 |
| 111 | 99¼ | Treasury 14pc '82 | 107xd | −⅛ | 12.95 | 11.80 |
| 107¼ | 88⅞ | Treasury 12pc 1983 | 100⅛ | +¼ | 11.82 | 11.56 |
| 81¼ | 69⅝ | Funding 5½pc '82-84 | 81¼ | +⅛ | 6.80 | 9.31 |
| 87⅞ | 74¼ | Treasury 8½pc '84-86 | 85⅞ | +⅛ | 9.87 | 10.89 |
| 74⅞ | 60¼ | Funding 6½pc '85-87 | 74¾ | +⅛ | 8.91 | 10.96 |
| 77⅞ | 65⅛ | Treasury 7¾pc '85-88 | 77¼ | +⅛ | 10.07 | 11.50 |
| 54⅞ | 44⅞ | Transport 3pc '78-88 | 54⅞ | −¼ | 5.50 | 9.57 |
| 59¾ | 48 | Treasury 5pc '86-89 | 59⅞ | −¼ | 8.62 | 11.31 |
| 103¼ | 86½ | Treasury 13pc 1990 | 98¼ | −¼ | 13.36 | 13.43 |
| 75⅞ | 61⅝ | Treasury 8¼pc '87-90 | 74¾ | +¼ | 11.23 | 12.35 |
| 60 | 47⅝ | Funding 5¾pc '87-91 | 59⅞ | +¼ | 9.94 | 12.01 |
| 100½ | 83 | Treasury 12¾pc '92 | 94½ | +⅛ | 13.59 | 13.72 |

### Over Fifteen Years

### Undated

### **INTERNATIONAL BANK

### **CORPORATION LOANS

### COMMONWEALTH & AFRICAN LOANS

### LOANS (Miscel.)

### FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 30⅞% (based on $US1.7172 per £)

Conversion factor 0.7635 (0.7625)

## CANADIANS

S.E. List Premium 30⅞% (based on $1.7576 per £)

## BANKS AND HIRE PURCHASE

### Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## BUILDING INDUSTRY—Continued

## CHEMICALS, PLASTICS

## CINEMAS, THEATRES AND TV

## DRAPERY AND STORES

## DRAPERY AND STORES—Continued

## ELECTRICAL AND RADIO

## ENGINEERING, MACHINE TOOLS

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## INDUSTRIALS—Continued

## INSURANCE

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicle

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPBUILDERS, REPAIRERS

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## TRUSTS—Continued

### Finance, Land, etc.

## OILS

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

### Africa

## MINES

### CENTRAL RAND

### EASTERN RAND

### FAR WEST RAND

### O.F.S.

## FINANCE

## DIAMOND AND PLATINUM



## MINES—Continued

### CENTRAL AFRICAN

| 1976/77 High | Low | Stock | Price | + or − | Div Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 165 | 38 | Coronation 25c | 50 | +2 | Q5c | ϕ | 7.2 |
| 130 | 68 | Falcon Rh.50c | 76 | ...... | Q35c | 1.7 | 45.1 |
| 25 | 9 | Rhod'n Corp. 16½p. | 12 | ...... | 0.56 | 6.0 | 7.2 |
| 195 | 120 | Roan Cons. K4 | 140 | ...... | — | — | — |
| 178 | 140 | Tanganyika 50p | 156 | −2 | Q10.0 | 0.8 | 6.4 |
| 70 | 65 | Do. Pref. 80p | 70 | ...... | Q9 | 10.2 | 10.3 |
| 54 | 25 | Wankie Col. Rh.1 | 30 | ...... | Q7½c | 1.5 | 24.5 |

### AUSTRALIAN

### TINS

### COPPER

### MISCELLANOUS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 10 | 8 | Burma Mines 17½p. | 9 | ...... | 0.1 | ϕ | 1.8 |
| 35½ | 15½ | Charterhall 5p | 26½ | −½ | — | — | — |
| 90 | 28 | Colby Mines $C1 | 63 | ...... | — | — | — |
| 990 | 420 | Cons. Murch. 10c | 425 | −10 | Q140c | ϕ | 23.8 |
| 440 | 245 | Northgate C$1 | 370 | ...... | — | — | — |
| 239 | 132 | R.T.Z. | 182 | ...... | g5.96 | 2.1 | 5.0 |
| 112 | 55 | Sabina Inds. C$1 | 55 | ...... | — | — | — |
| £15⅞ | £10 | Tara Exptn. $1 | £11¼ | ...... | — | — | — |
| 48 | 32½ | Tehidy Minerals 10p | 46 | ...... | t1.19 | 2.2 | 4.0 |
| 145 | 84 | Yukon Cons. C$1 | 125 | −2 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 18 | ...... | Sayers 12½p | 16 | ...... |
| Ash Spinning | 34 | ...... | Sheffield Brick | 80 | ...... |
| Bertam | 16 | ...... | Sheff. Refrshmt. | 140 | ...... |
| Bdg'wtr. Est. 50p | 144 | ...... | Shiloh Spinn | 22 | ...... |
| Clover Croft | 21 | ...... | Sindall (Wm.) | 49 | ...... |
| Craig & Rose £1 | 360 | ...... | | | |

### IRISH

## OPTIONS

### 3-month Call rates

FINANCIAL TIMES
Thursday February 10 1977



# Smith seeks Vorster support for deal

BY QUENTIN PEEL

Johannesburg, Feb. 9.

MR. IAN SMITH, the Rhodesian Prime Minister, flew to Cape Town to-day for talks with Mr. John Vorster, the South African Prime Minister, in an apparent attempt to gain support for a domestic settlement with moderate black Rhodesians.

The meeting was the first between the two since the British initiative for a Rhodesian settlement collapsed last month. In a brief statement issued after the talks, Mr. Vorster emphasised that the discussions had been called at the request of Mr. Smith. The Rhodesian Prime Minister, he said, "informed me of his Government's determination to explore further avenues for settlement."

It seems clear that Mr. Smith's primary aim in the trip was to seek South African support for his so-called "internal settlement," which would exclude nationalist leaders linked to the guerilla forces, especially the joint leaders of the Patriotic Front, Mr. Joshua Nkomo and Mr. Robert Mugabe.

However, the military situation in Rhodesia must also have been high on the agenda. The meeting was attended not only by Mr. Vorster, Dr. Hilgard Muller, the South African Foreign Minister, and Mr. Brand Fourie, the Secretary for Foreign Affairs, but by Mr. P. W. Botha, the Defence Minister.

On the Rhodesian side, Mr. Smith was accompanied by Mr. David Smith, the Deputy Prime Minister, Mr. Jack Gaylard, Secretary to the Cabinet, and Air Vice-Marshal Hawkins, Rhodesia's official representative in South Africa. The talks were also attended by Mr. Ken Flower, a Rhodesian senior intelligence official and security adviser to the Prime Minister.

Mr. Flower was also present at the last meeting between Mr. Smith and Mr. Vorster, in Pretoria last September during the visit of Dr. Henry Kissinger, the former U.S. Secretary of State.

The Rhodesian delegation is unlikely to have received any firm assurances from South Africa, either of overt political support or of military supplies. Senior officials here have insisted that the Government wants to "allow the dust to settle" before making any clear moves and they would prefer the next attempt to break the Rhodesian deadlock to come from the new U.S. administration.

While Mr. Vorster does not rule out an "internal settlement," officials say that this cannot work if it has no support from black nationalist elements. The moderate Africans involved in the Zimbabwe United People's Organisation (ZUPO) were dismissed by one senior official as "a bunch of chiefs." And Dr. Hilgard Muller himself said in an interview last week that a settlement "must have the support of all the Rhodesians, the ones that count."

But there is increasing political speculation here that South Africa may be forced by the deteriorating military situation in Rhodesia to increase its military support, at least in ammunition and supplies, even if senior politicians are determined not to send in any troops.

The emphasis placed by Mr. Vorster on the meeting being called at Mr. Smith's request was likely to have been directed to his own supporters. He is determined not to be seen in their eyes to be pressurising the Rhodesian Premier in any way.

Mr. Cyrus Vance, the new U.S. Secretary of State, has categorically ruled out American recognition of an "internal settlement." In the light of this and other rebuffs from the U.S., Mr. Smith may feel he needs Mr. Vorster's reassurance that such settlement efforts are regarded favourably by South Africa.

In Salisbury, the Ministry of Foreign Affairs, noting that the British Government has not allocated blame for the killing of seven white missionaries last Sunday, has formally called on Mr. Anthony Crosland, the Foreign Secretary, to appoint an all-party delegation to investigate the atrocity.

Soweto demonstration, Page 6

# Police inquiries into Pergamon nearly complete

BY MICHAEL LAFFERTY

POLICE INQUIRIES into Pergamon Press, the publishing company headed by former Labour M.P., Mr. Robert Maxwell, is expected to be completed in a few weeks, Mr. Peter Archer, the Solicitor-General disclosed yesterday in a written Commons reply.

Mr. Archer told Mr. Jeff Rooker, Labour M.P. for Birmingham Perry Barr, that police investigations into Pergamon started exactly six years ago yesterday, following a Department of Trade inquiry.

"An important aspect of the case" was now being looked into and every effort was being made to complete the inquiries in a few weeks. This would enable counsel to provide the Director of Public Prosecutions with their final advice.

It was hoped to make a decision on what action to take "with a minimum of delay." Mr. Archer said that numerous interim reports had already been made by the police.

Speaking from his Oxford home last night, Mr. Maxwell said he was "most astonished" that police inquiries into Pergamon should still be going on after six years and without any notification to the company itself." He had no idea what the "important aspect" was.

The Solicitor-General also revealed in a separate written reply to Mr. Rooker, that a total of 28 companies, including Pergamon, had been referred to the Director of Public Prosecutions following Department of Trade investigations "in which decisions on the institution of criminal proceedings have not yet been taken."

In 27 of the cases, police inquiries are continuing. In the remaining case the inquiries had been completed, but the DPP requires a report from the liquidator of the company concerned.

Last night Mr. Rooker said he was "taken aback by the amount of police investigation into companies."

"I will be asking the Attorney-General how long each case has been going on, and whether the DPP's office and the police are adequately staffed for this enormous amount of work," he said.

# Public-sector borrowing down nearly £3bn. in first 10 months

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FURTHER clear indication that the public sector borrowing requirement in the current financial year is likely to be well below the previous Treasury forecast was provided yesterday by central Government revenue and expenditure figures.

These show that borrowing by central Government in the first 10 months of the financial year is nearly £3bn. lower than at the same stage of 1975-76, and even further below the level indicated in last April's Budget forecast.

This is not necessarily an exact guide to the outcome for total public-sector borrowing since the latter also takes into account money raised by nationalised industries and local authorities directly in the market. This has been on a large scale during the current financial year.

Nevertheless, it is now clear that the PSBR in 1976-77 is likely to be significantly lower than the total of £11.2bn. forecast by the Treasury in December. The widespread view in the City is that the outcome could be in the £10bn. to £10½bn. range.

Preliminary estimates being produced during the early stages of the Treasury's updating of its forecasts ahead of the Budget are thought to confirm that the PSBR will be below previous projections in both the current financial year and in 1977-78.

This is crucial to the Chancellor of the Exchequer's hopes for reducing income-tax in the forthcoming Budget. The extent of the revision in the PSBR below last December's projection of £8.7bn. for 1977-78 will affect not only the size of any income-tax reduction but also how much it will have to be offset by an increase in indirect taxes or further cuts in public spending.

This point has already been taken up by TUC leaders, while the Government will clearly want to take advantage of any margin since it will want to avoid as far as possible the unfavourable impact on the cost of living of a rise in, for example, VAT.

The PSBR is running below the level of previous projections because expenditure has remained well within original plans under the impact of cash limits while revenue has been boosted by the higher than expected rate of inflation.

Consolidated Fund revenue in the first ten months of the financial year is 15.5 per cent. up on a year ago, compared with a rise of 13 per cent. for the year forecast in the Budget. These figures are only partly distorted by the speeding-up of tax payments.

On the expenditure side, there has been a 9 per cent. rise so far in the financial year—even after adjusting for certain special influences last month—compared with the Budget forecast increase of 11 per cent.

In addition, borrowing by nationalised industries and local authorities from central Government is so far £1.35bn. lower than a year ago.

Although this partly reflects the raising of money from other sources—for example, abroad under the public sector exchange cover scheme—there also appears to have been an improvement in the cash flow position of some public corporations.

Moreover, local councils seem to have been having more success than originally thought in containing expenditure, which could make a significant difference to the 1977-78 estimates.

Debt interest payments are also lower than originally projected, particularly for 1977-78—both because of the fall in the PSBR and the faster than expected decline in interest rates.

Last month, traditionally a period of surplus because of heavy company and other tax payments, the central Government repaid £1.23bn., compared with a repayment of £804m. a year ago.

# Early guillotine on devolution ruled out

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT'S business managers will report to the Cabinet to-day that there is still too much opposition to the Scotland and Wales Bill among Labour MPs to risk an early guillotine that would help to speed the passage of the devolution legislation.

Latest reports from the Government whips show there are still over 30 back-benchers who are refusing to support a guillotine because of their continued opposition to the proposals setting up assemblies in Scotland and Wales.

The process of exerting pressure on the potential rebels by warning them of the dangers to Labour's electoral position is now under way but it has so far produced little success.

At least 18 of the critics are saying that they will vote against a guillotine, and this together with abstainers, would be more than enough to offset the support of the 11 Scottish National Party MPs, three Plaid Cymru, and possibly two of the United Ulster Unionists.

If the rebels hold firm while the progress of the Bill's committee stage is interrupted by the new clause on the referendum, the fate of the guillotine could depend on the Liberals. So far, Mr. David Steel, their leader, is maintaining his opposition.

However, such a concession would make anti-devolutionists even more determined in their opposition.

It is by no means certain that Mr. Steel will be able to keep all 13 Liberals in the same division lobby. At least two, Mr. Geraint Howels (Cardigan) and Mr. Russell Jonhston (Inverness) are said to be inclined towards supporting the guillotine, while others are firmly opposed.

There will be at least another two weeks before a guillotine can be brought forward because of the interruption of the new clause on the proposed referendum, which is being rushed forward by the Government in an attempt to persuade Labour's anti-devolutionists to support a guillotine.

The new clause will have what amounts to an extended Second Reading debate in the Commons to-day and because of the shoal of amendments that have been tabled at least four days—two a week for the next fortnight—will be needed before it is completed.

This means that a guillotine motion is likely to be announced in two weeks' time for debate the following week, provided Mr. Foot and Mr. Michael Cocks, the Chief Whip, think the Government could win. If there is no guillotine or the vote is lost, the chances of the Bill reaching the statute book this session are remote, and the effects on Labour's election prospects incalculable.

The hard core of Labour MPs expected to vote against a guillotine will come from the following:

L. Abse (Pontypool), E. Moonman (Basildon), C. Phipps (Dudley), T. Dalyell (W. Lothian), W. Hamilton (C. Fife), G. Cunningham (Islington S.), R. Hughes (Aberdeen N.), E. Leadbitter (Hartlepool), T. Urwin (Houghton-le-Spring), E. Garrett (Wallsend), J. Lamond (Oldham E.), H. Cowans (Newcastle C.), R. Prentice (Newham NE), J. Mendelson (Penistone), E. Heffer (Walton), and D. Skinner (Bolsover).

Parliament Page 9; Opinion poll row Page 13

## THE LEX COLUMN

# THF's improved balance sheet

Trust Houses Forte's high financial gearing has transformed a 34 per cent. rise in profits before interest into a 78 per cent. jump to £23.7m. at the pre-tax stage. The key to the operating improvement lies in the London hotels, where average occupancy rates rose by 8 points to nearly 78 per cent. The airport hotels did much better too, and U.K. hotel profits as a whole may have risen by roughly two-fifths to around £18m. before interest.

In addition, profits from TraveLodge in the U.S. rose about a quarter in dollar terms, worth an extra £2m. This business has also made a big contribution to the marked reduction which has taken place in THF's overseas loan exposure. A revaluation of its property assets has produced a surplus of £20m., and helped to push the group's total overseas assets up to £140m. Currency borrowings, following the repayment of a £25m. Swiss franc loan, now total £127m.

THF has also adopted a more acceptable treatment of its currency gains on net assets, which have been taken below the line and set off against exchange losses. The result is that provisions of £12.8m. against unmatched borrowings (including £7.2m. for the Swiss loan) have been reduced to a net debit of £2.4m.

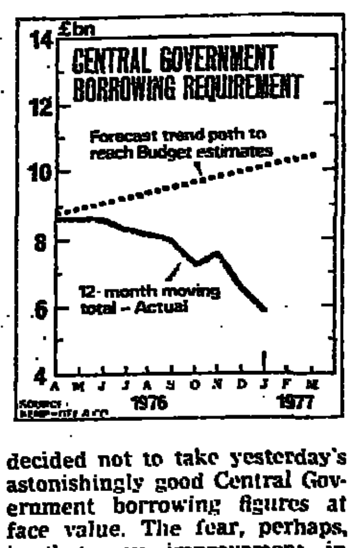
This still leaves THF with negligible retentions. But the rights issue and the revaluation have pushed shareholders' funds up by nearly two-fifths to about £126m. And although loan capital has risen by a fifth to just over £200m., largely as a result of sterling's weakness, liquid assets have improved by roughly £10m., and THF had net cash in the bank at the year end.

So the balance sheet looks much healthier than it did a year ago, and the trading outlook still looks good. However, the recent strength in the shares has taken the yield down to 9½ per cent., and in the present circumstances it would be surprising if Allied Breweries were not seriously considering the possibility of selling its £27m. holding. With a market capitalisation of £127m. at 126p, the excitement in the THF price may be over for the moment.

### Govt. borrowing

The gilt-edged market, distracted by goings on at the TUC, decided not to take yesterday's astonishingly good Central Government borrowing figures at face value. The fear, perhaps, is that any improvement in Budgetary arithmetic will quickly be swallowed up as negotiating fodder in the weeks ahead. But after the £1.24bn. surplus in January—admittedly the seasonally most favourable month, but still £0.73bn. better than a year ago—the Central Government borrowing requirement is now running at only £5.85bn., on the basis of the past 12 months. The last Budget forecast was for £10.43bn., in line with a total public sector borrowing requirement then estimated at £11.96bn., and subsequently revised down to £11.2bn.

Index fell 4.3 to 387.9




The difference between the PSBR and the CGBR consists of direct borrowing by the local authorities and the public corporations, and one reason the CGBR is undershooting is that these bodies have borrowed from non-Government sources much more than the budgeted £1.54bn.—the last published figures, for the six months to September, already showed £1.44bn. But even if such borrowing runs to £3bn. or so for the year, it is possible to project that the PSBR will come out at only around £9bn.

The more cautious estimates, however, currently run to about £1bn. higher than that. There is evidence, for instance, that tax receipts have bunched even more favourably than usual in January, with the interest penalty on late payment becoming more effective this year. And there is a possibility that the tendency of departments to have a year-end spendi[ng] splurge in March may have be[en] increased by the imposition [of] cash limits.

The significance of all this, [is] that any overestimate by [the] Treasury of this year's BS[R] could be expected to be [re]peated at least partly for 19[77-] 1978, and with bank lendi[ng] now turning sluggish the grow[th] of the money supply could [be] well below official targets. [If] this is how it turns out the n[eed] to sell gilts could dimin[ish] rapidly, and interest rates co[uld] be due for a further sizeal[ble] fall. Alternatively, of cour[se] reflation could be on the way.

### The role of MLR

Having suspended Minim[um] Lending Rate last Thursday, [the] Bank of England seems to h[ave] regained control of inter[est] rates, temporarily at least. M[uch] of the speculative euphoria [has] been dissipated and with [the] Treasury Bill buying rate hov[er]ing around 11¼ per cent., [the] normal MLR formula could [be] reactivated at to-morro[w's] Treasury Bill tender. But [it] will do little to allay deb[ate] about the operation of the M[LR] mechanism.

Following the demise of [the] old "Bank Rate" in 1972, M[LR] was hailed as a "market ra[te]" in the true spirit of Comp[eti]tion and Credit Control. Bu[t in] practice the Bank has norm[ally] "managed" MLR to facili[tate] the Government's funding [pro]gramme. This was all well [and] good so long as the disc[ount] houses were the only in[stitu]tions active at the weekly [ten]der, but with the recent ap[pear]ance of big outside bidders [the] Bank's informal instructio[ns to] the discount houses have pr[oved] irrelevant, and rates have fa[llen] far more sharply than [the] authorities would have like[d].

The uncertainty over [the] purpose of MLR has pro[bably] encouraged the recent [in]stability in interest rates, [and] revived interest in an o[ld] "Bank Rate." But the ba[nking] environment has changed ra[dic]ally over the past five y[ears]. Until 1971 the clearing b[anks] tied their base and deposit [rates] directly to Bank Rate w[hich] consequently held a ce[ntral] place in the interest rate st[ruc]ture. To-day such a relation[ship] would be anathema to the cl[ear]ing banks. Unless such a [re]lationship were re-establis[hed] it is difficult to see what pur[pose] a traditional Bank Rate wo[uld] serve.

Continued from Page 1

# Power merger

within the next few weeks can save this factory from what would almost certainly be an irreversible decline. Yet Ministers are determined that merger proposals must be agreed in outline before the order is placed. Otherwise they believe, the whole industry may go into a steady decline over the next five years.

In addition to the two new companies, the Government wants to set up a consortium, like the Nuclear Power Company (which is managed by GEC), with the management expertise to compete for large turnkey contracts overseas.

In the background, Mr. Varley has two other outstanding problems to solve. The first is to decide between the conflicting claims of three separate nuclear development programmes. A clear nuclear policy is urgently needed as a basis for the development of the whole industry.

Mr. Varley's other difficulty is that the CEGB and Sir Arthur Hawkins, its retiring chairman, are still refusing to pay the £100m. extra cost of ordering Drax B ahead of time. The Board has modified its previously intransigent position on forward ordering, and it seems likely that it wil now have to give greater support to the industry than it originally envisaged.

Continued from Page 1

# Amoco

tain the pace of exploration and development. Drilling was expected to start this year.

Each applicant is being asked to reply to the offer within a fortnight. After that it could take some months for the groups to negotiate detailed operating agreements acceptable to the Energy Department.

As a result some companies do not think they will be able to accomplish more than seismic work on the new blocks this year. Mr. Tom King, the Conservative energy spokesman, attacked Mr. Benn for delaying the announcement. Almost the whole of this year would be lost in developing the blocks with a consequential loss of a potential increase in employment, he claimed.

For the first time the Government—through the BNOC—will have a direct stake in each of the concessions. The U.K. public sector has been awarded a 56 per cent. share of the fifth round licences compared with the U.K. private sector's 18 per cent. stake.

It is by far the smallest round. The first round in 1964 comprises 348 allocated blocks. There were 127 in the second, 106 in the third and 282 in the fourth.

Mr. Benn yesterday blamed the fourth round, allocated in 1971 and 1972, for straining the capacity of the U.K. offshore support industry and for leading to a recent slump in activity.

The Government intended to make the round-by-round licensing more frequent in future. As a result, the industry believes that a sixth round of licences could be announced next year, once the boundary disputes with Ireland and France have been settled.

● Murphy Petroleum and Ocean Exploration—two companies included in the fifth round—have agreed State participation in their Ninian Field interests, the Government announced last night.

# Moves to channel education reform

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE NEED for teachers and children to be given a good understanding of how society earns its living is strongly emphasised in the Government's agenda for the continuing debate on educational reform, which was published in London yesterday.

Mrs. Shirley Williams, Secretary for Education, said that the document would be discussed at eight regional conferences involving managerial and union representatives as well as officials and educational interests. When the programme of conferences ends next month, there would be further consultations followed by a White Paper, probably by the end of the summer.

Eight main questions are posed for the discussions, which will concentrate on the schools—as distinct from the later stages of further and higher education. The questions are:

1—What should be the aims and content of a core curriculum of studies for general use throughout the schooling system?

2—How best can an agreed core curriculum be put into effect?

3—How are individual pupils progressing in the acquisition of basic skills?

4—How is the school system as a whole performing?

5—What steps can be taken to ensure that all teachers receive the in-service training and education they need at the various stages of their careers?

6—What academic and professional requirements need to be provided for in the initial training of teachers and, in particular, what implications do these have for the qualifications for entry to teacher-training?

7—How best can children be educated towards an awareness and understanding of our technological and industrial society and of their own role within it?

8—How can employers make the best use of school-leavers and what contribution can industry make to education?

Several possible answers are tactfully suggested in the Government's document.

They include a requirement for trainee teachers to have qualifications in both English and mathematics; the reintroduction, possibly alongside existing public examinations, of an exam requiring candidates to pass in a group of basic subjects on the pattern of the old School Certificate; and initiatives by companies and trades union branches to provide opportunities for work experience for pupils and teachers.

Mrs. Williams said that in the long-term she would like to see teachers spending a year working in the external world between completing their training and starting to teach.

While holding out little hope of extra money to aid the necessary changes, the Education Secretary was sure that much could be achieved without it. "I don't believe that a change of emphasis has to cost money," she declared. "Spending more time on basic subjects doesn't cost more money."

## Weather

U.K. TO-DAY

DULL AND MISTY with rain or drizzle at times, becoming brighter and showery. Fairly mild.

London, Southern and North N. Wales, Isle of Man, N. Ireland, England, E. Anglia, the Midlands.

Cloudy with rain or drizzle and hill fog. Brighter showery weather spreading from S.W. Wind fresh southerly or westerly. Max. 8C (46F).

Channel Isls, S.W. England, S. Wales.

Showers and sunny intervals. Wind strong westerly. Max 10C (50F).

N.E. England, Lakes, Borders, Scotland, Orkney, Shetland.

Cloudy with rain or drizzle at times and hill fog. Wind moderate or fresh. Max. 6C (43F).

Outlook: Bright intervals and rain turning to snow in the North later. Becoming colder.

Lighting-up: London 17.36, Manchester 17.22, Glasgow 17.20, Belfast 17.32.

BUSINESS CENTRES

| | Y'day mid-day | °C | °F | | Y'day mid-day | °C | °F |
|---|---|---|---|---|---|---|---|
| Alexandria | C | 19 | 66 | Manchstr. | C | 9 | 48 |
| Amsterdam | F | 5 | 41 | Melbourne | S | 19 | 66 |
| Athens | F | 16 | 61 | Mexico C. | S | 19 | 66 |
| Barcelona | S | 16 | 61 | Milan | Fg | 7 | 45 |
| Beirut | C | 18 | 64 | Montreal | Sn | -3 | 27 |
| Belfast | C | 5 | 41 | Moscow | Sn | -12 | 10 |
| Belgrade | F | 8 | 46 | Munich | S | 6 | 43 |
| Berlin | R | 3 | 37 | Newcastle | C | 6 | 43 |
| Birmghm. | Dr | 7 | 45 | New York | C | 1 | 34 |
| Bristol | Dr | 8 | 46 | Oslo | S | 0 | 32 |
| Brussels | C | 5 | 41 | Paris | C | 10 | 50 |
| B. Aires | C | 31 | 88 | Perth | S | 30 | 86 |
| Cairo | S | 23 | 73 | Prague | F | 1 | 34 |
| Cardiff | S | 7 | 45 | Reykjavik | F | -2 | 28 |
| Cologne | F | 7 | 45 | Rio de J'o | S | 31 | 88 |
| Copenhgn. | R | 3 | 37 | Rome | C | 12 | 54 |
| Dublin | C | 5 | 41 | Singapore | S | 31 | 88 |
| Edinburgh | R | 5 | 41 | Stockholm | S | -4 | 25 |
| Frankfurt | S | 5 | 41 | Strasbourg | C | 4 | 39 |
| Geneva | R | 4 | 39 | Sydney | S | 26 | 79 |
| Glasgow | Dr | 4 | 39 | Tehran | C | 5 | 41 |
| Helsinki | Sn | -9 | 16 | Tel Aviv | F | 17 | 63 |
| H. Kong | C | 11 | 52 | Tokyo | C | 6 | 43 |
| Jo'burg | C | 21 | 70 | Toronto | C | -6 | 21 |
| Lisbon | F | 13 | 55 | Vienna | R | 1 | 34 |
| London | F | 7 | 45 | Warsaw | Sn | -1 | 30 |
| Luxembrg. | F | 4 | 39 | Zurich | R | 6 | 43 |
| Madrid | C | 10 | 50 | | | | |

HOLIDAY RESORTS

| | Y'day mid-day | °C | °F | | Y'day mid-day | °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | C | 12 | 54 | Las Plms. | S | 18 | 64 |
| Algiers | C | 15 | 59 | Locarno | F | 6 | 43 |
| Biarritz | C | 13 | 55 | Majorca | F | 15 | 59 |
| Blackpool | C | 6 | 43 | Malaga | S | 16 | 61 |
| Bordeaux | R | 10 | 50 | Malta | F | 15 | 59 |
| Boulogne | Dr | 7 | 45 | Nairobi | R | 21 | 70 |
| Casablanca | F | 15 | 59 | Naples | C | 14 | 57 |
| Cape Town | S | 25 | 77 | Nassau | F | 24 | 75 |
| Corfu | C | 16 | 61 | Nice | C | 12 | 54 |
| Dubrovnik | S | 14 | 57 | Nicosia | S | 15 | 59 |
| Faro | C | 16 | 61 | Oporto | R | 11 | 52 |
| Florence | C | 10 | 50 | Rhodes | F | 15 | 59 |
| Gibraltar | S | 17 | 63 | Salzburg | C | 3 | 37 |
| Guernsey | R | 6 | 43 | Tangier | F | 16 | 61 |
| Innsbruck | S | 6 | 43 | Tenerife | F | 19 | 66 |
| Inverness | F | 4 | 39 | Tunis | F | 15 | 59 |
| I. of Man | Dr | 7 | 45 | Valencia | F | 16 | 61 |
| Istanbul | C | 8 | 46 | Venice | C | 8 | 46 |
| Jersey | R | 7 | 45 | | | | |

S—Sunny F—Fair C—Cloudy R—Rain Dr—Drizzle Fg—Fog Sn—Snow.

Snow reports Page 9



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